

ANNUAL REPORT 16



OUR VISION

TO BE THE PREFERRED SECURITIES EXCHANGE IN THE SOUTH PACIFIC

OUR MISSION

WE WILL:

- ✕ Increase the attractiveness of the Exchange as an option for raising capital
- ✕ Increase the attractiveness of the Exchange as an investment option
- ✕ Facilitate the orderly, efficient, transparent and timely trading of securities
- ✕ Comply with international best practices in the securities industry
- ✕ Recruit, develop and retain industry expertise

OUR CORE VALUES

TRUST	To be a trusted institution for all our stakeholders
INTEGRITY	To operate with integrity at all times
DISCIPLINE	To exercise discipline in our work
ETHICAL	To uphold and maintain highest level of ethical standards
COMMITMENT	To be committed to the ongoing development of the securities industry in Fiji



South Pacific
Stock Exchange

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Listed Company Information

Listed Security Name	SPSE Trading Code	Date Listed on SPSE	Market Price (Day of Listing)	Operation Description
Atlantic & Pacific Packaging Company Ltd	APP	17 Aug 98	\$0.70	Manufactures a wide range of packaging materials including corrugated cartons and assorted containers and packets.
Amalgamated Telecom Holdings Ltd	ATH	18 Apr 02	\$1.14	Provides telecommunication services in Fiji and enhances the network of telecommunications, development of internet services and provision of computer hardware and software with technical support services through its subsidiaries Telecom Fiji, Vodafone, FINTEL, Fiji Directories and Datec (Fiji) Limited. It also has 100% subsidiary company in Kiribati, ATH Kiribati Limited.
Communications (Fiji) Ltd	CFM	20 Dec 01	\$1.15	Holding company for Fiji's largest radio network and event organising through Total Event Company and also has 100% subsidiary company PNG FM. It also holds 50% shares in 231 Waimanu Road.
Future Forests (Fiji) Ltd	FFF	21 Nov 11	\$0.80	Focuses on the sustainable, large-scale planting and harvest of one of the world's great hardwood timbers - Teak (Tectona Grandis). The Convertible Notes security mandatorily converted into equity on 9 th November 2016 at a conversion ratio of 1:1 as stipulated in the FFF Prospectus 2011.
FijiCare Insurance Ltd	FIL	07 Dec 00	\$0.60	Underwriting of medical health, term life, mortgage protection, worker's compensation, personal accident, public liability, funeral benefits and motor vehicle insurance risks.
FMF Foods Ltd	FMF	25 Jul 79	\$0.06*	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 Television Ltd	FTV	24 Apr 97	\$1.02	Operator of commercial broadcasting services through its free-to-air Fiji One channel.
Kinetic Growth Fund Ltd	KGf	16 Dec 04	\$1.05	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.
Paradise Beverages (Fiji) Ltd**	PBF	11 Feb 97	\$2.65***	The principal activities of the group are the manufacture and sale of beer, ready-to-drink alcoholic beverages and soft-drinks, as well as the distillation and sale of portable and industrial alcohol.
Pleass Global Ltd	PBP	04 Feb 09	\$0.94	A diverse and growing corporation principally engaged in production and marketing of bottled water plus single use daily items concurrently operating adventure eco-tourism services and is in the establishment phase of organic farming and property development.
Pacific Green Industries (Fiji) Ltd	PGI	05 Jun 01	\$1.90	Engages in design, manufacture and sale of furniture and architectural products made from coconut palmwood.
RB Patel Group Ltd	RBG	17 Jul 01	\$1.05	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	\$0.50	Dealers in rice and allied products.
Toyota Tsusho (South Sea) Ltd	TTS	07 Jun 79	\$1.95	Engages in automotive importation and distribution.
V B Holdings Ltd	VBH	01 Nov 01	\$1.28	Engages in property investment, financing of vehicles sold by related entities, fleet management services and other investments.
Vision Investments Ltd	VIL	29 Feb 16	\$1.70	A diversified and successful business enterprise with a solid track record of growth and sustained earnings and a long history of trading in Fiji. The Company comprises of a mix of established and mature businesses with solid track record of profitability and other relatively new businesses in early stages of growth and profitability. Currently VIL consists of Courts, Vision Motors, Mahogany Industries (Fiji) and Vision Finance.
Fijian Holdings Ltd	FHL	20 Jan 97	\$1.83	Investment company with a number of subsidiaries in different sectors of the economy including finance, manufacturing, retailing, fund management, broking, investment advisory, property, tourism and media industry.
BSP Convertible Notes Ltd	BCN	11 May 10	\$5.25	Is a wholly owned subsidiary of Bank of South Pacific (BSP) and has been incorporated in Fiji as a special purpose vehicle with limited powers under its Memorandum and Articles of Association.

*Adjusted for Share Splits

** Paradise Beverages (Fiji) Limited (PBF) was formally known as Foster's Group Pacific Limited (FGP). FGP was formed with the renaming of Carlton Brewery (Fiji) Limited (CBF) after CBF integrated its business with South Pacific Distilleries Limited (SPD) in June 2005. CBF underwent a Share Split of 1:5 (increasing existing Issued Shares from 2,000,000 to 10,000,000) and issued an additional 408,125 shares. After the merger of CBF and SPD (formation of FGP), the total issued shares changed to 10,408,125.

*** Adjusted for Share Splits

Chairperson's Report



Dear Shareholders

On behalf of the Board of Directors and Management of the South Pacific Stock Exchange Limited ('SPSE' or 'Exchange'), it is my pleasure to present to you the Annual Report of the Exchange for the 2016 financial year. My report will cover an overall operational overview for your company and its subsidiary, Central Share Registry Limited ('CSRL').

Internationally, the year 2016 highlighted major economic and political events which resulted in geopolitical risks and uncertainty within the financial markets. With a backdrop of losses in the equity markets globally, investor confidence further deteriorated with slowness in major economies and the resulting impact seen on its trading partners. This not so great start to the calendar year was prolonged further with the continuing dip in oil prices. Just as global stock markets were on the road to recovery in quarter two, Britain's vote on whether or not to remain a member of the European Union (EU) surfaced. In June 2016, Britain voted to leave the EU and with the newly coined "Brexit", global markets plummeted with major stock market indices recording decreases of around 3% to 5% in their values. In our view, much of the decline resulted from the fear of not knowing what was going to happen after Brexit. However, robust recovery was soon noted as the third quarter of 2016 began and rising oil prices resulted in a much needed energy-sector pick-up. With the shock of Brexit over, global investors now had the November presidential election in the United States of America in sight and approached the same with great caution. However, negative movements in developed stock markets after the announcement of the Republican win only lasted overnight. Generally, the year under consideration settled with varied market opinions, thoughts and performances.

Here at home, the economic data published by the Reserve Bank of Fiji (RBF) noted sectoral outcomes for 2016 generally showing mixed results. A reduction in and scarcity of agricultural produce was obvious with significant damages sustained by crucial infrastructure and facilities around the country evidencing the grave aftermath of mighty Tropical Cyclone Winston that Fiji had experienced in February 2016. All these factors resulted in a general rise in prices of goods and services heightening the inflation rate with the Fijian economy's growth rate being revised

to 2%. Conversely, given our remoteness, the activities on the stock market platform recorded notable gains in its key market indicators this year as explained in the Market Report ahead.

Overall for the Exchange, 2016 has been yet another important year of translating strategy into actions. We continued to build on the strong foundation laid down in the previous years to further improve the experience of market players and investors on our Exchange. Emphasis was placed on increasing the number of listed entities, investor education, training of market players and a major improvement in the delivery of investor services through the use of technology focused on ease of doing business. These are explained below.

New Listing

In February 2016, Vision Investments Limited (VIL) successfully listed on the Exchange becoming the second largest listed company by market share behind the telecommunications giant, Amalgamated Telecom Holdings Limited (ATH). The listing was significant because of International Finance Corporation (IFC), a member of the World Bank Group entering as a cornerstone investor of VIL adding depth to the type of participants in Fiji's stock market enhancing the value proposition of SPSE. The listing of VIL was also enthusiastically welcomed by the SPSE, particularly due to the absence of a new listing in over four years. The listing established the injection of much needed liquidity into the market and many first time investors that have been looking for shares with a competitive rate of return having one such investment opportunity in VIL shares.

Ease of Doing Business

CSRL officially launched its cloud based registry software (ShareSoft) and shareholder portal for public use in quarter four of 2016. The software and shareholder portal were developed in entirety by the local firm Software Factory Limited (SFL). ShareSoft provides numerous benefits through automation of what used to be manually cumbersome processes and activities now improving efficiency, service delivery and better usage of human capital. The online shareholder portal also provides key benefits and removes geographical and time-difference barriers allowing investors to view their updated investment statements with accurate valuation from any location in the world with internet access and at any time. Investors also have an option to view dividend payments that have been made to them as well as all unclaimed dividends owed to them with even options to request for change of residential and postal addresses as well as dividend payment modes if required. As for the stockbrokers, they now can view and confirm shareholding information for their clients from the comfort of their offices without relying on countless emails and telephone calls between them and the CSRL officers. On a further assenting front, the Exchange is also transitioning to electronic payment for trades including moving to a T+2 settlement regime which is expected to reduce the turnaround time for settlement of transactions. For an Exchange, these two developments put us in a position to replace Share Certificates with Shareholding Statements and in turn move us into the Scripless trading space where all other developed Exchanges operate. We look forward to implementing these development projects in 2017 consequent to a robust market consultation process.

Investor Awareness

This initiative remains a critical component of the Exchange in so far as the development agenda is concerned. SPSE's focus remains on increasing participation of retail investors in the stock market, convert savers into investors, instil market discipline and promote shareholder activism. In view of this, the Exchange signed a Memorandum of Understanding (MoU) with the iTaukei Land Trust Board (TLTB) in August 2016 in an effort to enhance the level of awareness and participation of land owning units in Fiji's stock market either through investment or capital raising mediums. This partnership marked an important milestone in SPSE's investor education agenda as this MoU now allows the SPSE's investor awareness team to collaborate with TLTB and stockbrokers to disseminate investment knowledge and options in the stock market and where necessary in the iTaukei language for the betterment and wealth creation opportunities for a greater Fijian populous. We also believe that this initiative is well-aligned with the Fijian Government's National Development Plan and Capital Markets Master Plan priorities monitored by the RBF.

Increase/Promote Listings

Having organised a successful Listing Forum in 2015, the Exchange in partnership with the Fijian Government once again convened a National Listing Forum in September 2016. The theme for the forum was "Going Public – Unlocking the value of your Company". This initiative has been designed for company Directors, founding shareholders and executives as well as their corporate advisors who wish to find out more about the 'Why' and 'How' of listing on the SPSE. The focus during this forum was also on ensuring that those businesses that have attended previous forums and have held individual meetings with the Exchange and Investment Advisors are able to seek further clarifications from the key stakeholders so they can escalate their interests of going Public into an actual Listing on the SPSE.

Acknowledgement

On behalf of both the Board and Management of SPSE, I wish to reaffirm our appreciation and indebtedness to the Government

of Fiji for their continued assistance in the form of the operational and market development grant as well as the continuation of various incentives which makes listing on our market attractive and a definite option to consider for capital raising and business growth.

I would like to take this opportunity to thank my fellow Board members for their commitment and unfailing support offered during the year. Moreover, this year's accomplishments would not have been possible without the commitment of our Senior Management team and staff in delivering the key elements of our strategy and I would like to convey my deep appreciation to them. Our appreciation extends to the RBF, listed companies, the stockbroking firms and licensed representatives as well as the Investment Advisors for their effective offerings and assistance in 2016. You have all played a crucial role in the attraction and approval of both investors and listed companies as participants in the stock market this year. I am confident that together, we will maintain the momentum that we have successfully built over the past few years towards growing our Exchange further.

Exchanges provide the primary location for capital raising, transparent price information, trading facilities and post trade services that capital markets need in order to function efficiently. As such, the SPSE remains committed to the origination of certain projects this year and the accomplishment of those in 2017 and make it an enticing year in terms of new initiatives, breakthroughs and defining changes. The SPSE also remains dedicated to its development strategy and aims at leveraging on its attractive and competitive advantages to make further significant inroads and generate value-adding services in its drive to scale up its activities in the interest of enhancing shareholder value.

We wish you all success in 2017 and look forward to your continued support in the years ahead.



Dr Nur Bano Ali
Chairperson

Chief Executive Officer's Report



Dear Shareholders

2016 has certainly been a successful and exciting year of new developments for the South Pacific Stock Exchange Limited ('SPSE' or 'Exchange') and its subsidiary company, Central Share Registry Limited ('CSRL'). It is therefore an absolute pleasure and a meaningful reflection opportunity to pen this Chief Executive Officer's Report for the financial year ended 31st December, 2016.

Stock Market Operating Environment

- ✘ Whilst the domestic macro economic environment showed mixed results, 2016 for Fiji's stock market exhibited a stable and vibrant operating environment. The stable macro economic and political environment coupled with domestic fiscal policy stimulus focused on greater disposable income and equitable wealth distribution providing the requisite environment for greater investor confidence and growth for the Exchange.
- ✘ This positive operating environment was further strengthened by the Government of Fiji's ongoing funding support for development activities, the greatest component being Investor Education. This allowed the Exchange to extend its presence and establish its reputation as an approachable institution with palatable investment options for Fijians.
- ✘ There were also market-specific factors featuring greater partnership between SPSE and stock market intermediaries towards making stock market investments relatable and easier to understand for Fijians. This further cemented confidence in the Exchange's operating environment.
- ✘ While 2016 began with the spill-over from 2015 of high levels of retail investor demand as well as strong 'Hold' and/or 'Accumulate' investor preferences for SPSE listed securities, the listing of high profile Vision Investments Limited (VIL) in February, 2016 provided the much needed liquidity injection into the market. In addition, we noted investor awareness/ education initiatives of previous years starting to produce tangible results in 2016 in the form of new investors and perhaps more importantly, a greater appreciation by existing investors for capital gain opportunities and associated tax benefits.

Against this encouraging backdrop, it gives me great pleasure to present the Group's financial performance achievements for the year ended 31st December, 2016.

Financial Performance

- ✘ 2016 focused on three major areas, all geared towards the ultimate goal of safeguarding the future sustainability of the Exchange:
 - » Maximising operating income (which excludes Government Grant) through greater trading levels and new listings;
 - » Reducing major operational expenses through re-negotiation of the Group's major operating expenses with service providers and the adoption of technology; and
 - » Prudent cashflow management with a particular focus on active investment of retained earnings to assist with future capital expenditure plans of the Exchange.
- ✘ Management is pleased to announce that we have successfully addressed the aforementioned focus areas in 2016 and achieved relatively strong growth across our key financial performance indicators for shareholders.

GROUP	HOLDING
Operating Revenue* - \$538,047 (2015: \$485,042)	Operating Revenue* - \$477,454 (2015: \$429,909)
Operating Expenses - \$350,268 (2015: \$356,356)	Operating Expenses - \$303,484 (2015: \$303,501)
Net Profit After Tax - \$141,206 (2015: \$25,008)	Net Profit After Tax - \$136,449 (2015: \$35,139)
Total Assets - \$1,677,508 (2015: \$1,202,297)	Total Assets - \$882,159 (2015: \$799,386)
Net Assets - \$784,327 (2015: \$643,121)	Net Assets - \$784,153 (2015: \$647,704)

* Excludes Government Grant

- ✘ This year, Management effectively utilised its total 2016 Government Grant allocation to carry out specific development projects, the details of which has been provided in the 'Development Activities' chapter of this Annual Report. Major activities included presentations at schools, tertiary institutions, business houses, Mataqalis, public investor education sessions as well as television and radio commercials.
- ✘ The key drivers of financial performance growth in 2016 were:
 - » Higher Annual Listing Fees received;
 - » Re-negotiation of the annual Electronic Trading Platform sub-licensing fee;
 - » Careful monitoring and maintenance of operating expenses to a mark of 10.0% below target;
 - » The listing of VIL in February, 2016 which exceeded the Exchange's expectation in terms of institutional and retail investment demand and therefore SPSE facility fees;
 - » The Listing application fees received from Free Bird Institute Limited (FBL) for a listing in February, 2017.

Strategic Objective 1 Highlights - Increasing Company and Investor Confidence

Ongoing supervisory outputs and market surveillance continued this year without any significant changes. Notable achievements in 2016 under this strategic objective were as follows:

- ✘ Under the agenda of assisting SPSE and listed companies with Companies Act, 2015 compliance:

- » Proposal to and acceptance of the same by ADB Private Sector Development Initiative (ADB PSDI) through the Reserve Bank of Fiji (RBF) for Technical Assistance (TA). The TA included the alignment of SPSE's operational and regulatory responsibilities with the Companies Act, 2015 requirements as well as new products/infrastructure that can be introduced by SPSE in the future to increase depth and liquidity in Fiji's stock market;
- » Two sessions offered specifically to SPSE listed company Directors on the topic of Directors Duties and Responsibilities under the Companies Act, 2015;
- » One session offered specifically to SPSE listed company Secretaries on the topic of Roles and Responsibilities of Company Secretaries under the Companies Act, 2015.
- ✕ Under the agenda of maintaining a transparent working relationship with listed companies and maintaining confidence in the development trajectory of Fiji's stock market, three quarterly meetings with listed company executives was convened.
- ✕ Under the agenda of protecting the interests of shareholders and their investments:
 - » A review and provision of relevant training to listed company compliance officers and subsequent revision of SPSE's Independent Directors Guidance Note was undertaken this year. Part of this review was an assessment of each listed company's compliance with the Guidance Note. Non-compliant companies were advised and given until 31st December, 2016 to comply. The revised Guidance Notes provisions are now clearer and prescribe non-compliance penalties. We confirm that all listed companies are either compliant or have agreed upon a 2017 date with SPSE by which they will comply with the Guidance Note requirements;
 - » Strengthening listed company compliance with SPSE Rules and regulatory requirements through the imposition of non-compliance fines.
- ✕ Under the agenda of protecting market integrity and assisting listed companies with relevant statutory requirements:
 - » Off-site supervision of SPSE listed company compliance with RBF's Insider Trading Policy Statement which included training on RBF's Policy was conducted this year. This initiative included ensuring through a combination of consultation and non-compliance fines the mandatory compliance by listed companies of the internal Insider Trading Policy requirement of the RBF's Policy Statement. As at the date of this report, we are happy to confirm that all listed companies have complied with the internal policy requirement and are submitting the required filings to the SPSE and RBF.

Strategic Objective 2 Highlights – Increasing Trading and Number of Investors

SPSE continued to undertake the usual investor awareness and education activities including frequent social media updates, periodic meetings with institutional investors, monthly newspaper articles, television commercials, bi-annual public awareness sessions and more private corporate awareness sessions with business houses. We note that the market and Fijian populous have responded well to these initiatives. Another welcomed highlight for 2016 was that individuals were investing a part of

their Bonus pay-out or year-long savings in the stock market during the festive season.

While we continue to refine activities introduced in the past, the question that Management continuously poses is 'what else can we introduce to contextualise stock market investments to Fijians and to proliferate understanding of the same throughout Fiji and the region?' Our 2016 response to this question included the following major achievements:

- ✕ Signing of a Memorandum of Understanding (MoU) with the iTaukei Land Trust Board (TLTB) for investment education initiatives targeted at all landowning units over a three year period.
- ✕ The Team further refined our solutions to the market liquidity challenge by ensuring that all Listing Approval, particularly those for Compliance Listing applications, offer a meaningful divestment of securities to the market upon listing. This was a strategic move given that on average, retail shareholding/float in Fiji's stock market remains below 30.0% and this exacerbates and renders futile to a significant extent our efforts to enhance trading activity in the market. The progressive VIL Directors and Investment Advisors were the forerunners of this agenda having a significant impact on trading activity and number of shareholders as is clearly illustrated in the Market Report section. We will continue to adopt this approach moving forward.
- ✕ We are happy to report that this year the Fijian stock market added a total of 283 new investors to its portfolio of retail investors.

Strategic Objective 3 Highlights – Increasing the number of Listings

This year we continued with the targeted approach of meeting/providing guidance to companies that had confirmed their listing interest over the 2017-2018 period with the Exchange after the 2015/2016 Listing Forum. Key achievements for 2016 were:

- ✕ Listing of VIL on the SPSE's main Board on 29th February, 2016, which subsequently increased the Exchange's Market Capitalisation to \$1.32bn at year end. This is the first listing to have occurred in over four years and the calibre of the company and quantum of float to public investors was commendable.
- ✕ The second annual Listing Forum which was held in partnership with the Fijian Government for unlisted companies including State Owned Enterprises (SOE's). This year International Finance Corporation (IFC) and VIL were part of the speaker's panel. Enquiries for one-to-one presentations to particular attendees have also been received.
- ✕ Receipt of a Compliance Listing Application on 13th December, 2016 from Free Bird Institute Limited (FBL) for a quarter one, 2017 listing.

Strategic Objective 4 Highlights – Developing and Optimising the use of Technological Infrastructure

2016 featured a thorough review by Management of all paper-based and core processes of the Exchange requiring automation and more importantly the finalisation of CSRL's cloud-based Registry and Online Shareholder Portal. Our major achievements for the stock market and SPSE shareholders were:

- ✕ The launch for public use of CSRL's cloud-based Online Registry (ShareSoft) and Online Shareholder Portal and positive reviews of the same.

SPSE TEAM



*Standing L - R: ASHLY PRASAD, Accounts Officer (Reporting) | JOANA RARASEA, Registry & Administration Officer | SWASTIKA RAM, Accounts Officer (Receivables & Payables)
Sitting L - R: KRISHIKA NARAYAN, Manager Legal & Compliance/ Company Secretary | LATILETA QORO, Chief Executive Officer | PRETESH PRASAD, Manager Operations*

- ✕ The finalisation of an automated payment system between SPSE and all three stock broking firms that will see the adoption of e-payments from 2017 for all trades with the ultimate goal of reducing the payment and settlement cycle of trades to T+5.

Strategic Objective 5 Highlights – Enhance Competency of our People and Industry Participants

Talent development has also been a core focus area for SPSE. This year, our achievements in this area include:

- ✕ Internship Programme for second and third year Finance students of USP. This year we recruited two interns who worked in the Markets areas.
- ✕ The continuation of funding for Manager Operations' Master of Business Administration studies at USP.
- ✕ Attendance of one SPSE Director at the 'Roles and Responsibilities of Company Directors under the Companies Act, 2015' seminar.
- ✕ Attendance of the SPSE's Accounts Officer and CEO at the annual CPA (Fiji) Congress and FIA Congress.
- ✕ The attendance of Manager Legal & Compliance at the 'Roles and Responsibilities of Company Secretaries under the Companies Act, 2015' session.
- ✕ The attendance of the CEO, SPSE Managers and one SPSE Director at the Exchange Traded Funds Information Session organised by SPSE in partnership with PacWealth and PLN Advisory.
- ✕ Facilitation of a refresher seminar for the stockbrokers on 'Understanding the Roles and Responsibilities of a Stockbroker and Valuation of Equity Securities' facilitated by Professor Erik Larson.
- ✕ Brokers Examination to ensure that Fiji's stock market investors have access to suitably qualified stockbrokers.
- ✕ The attendance of Manager Legal & Compliance for the Asia-Pacific Economic Cooperation (APEC) through Financial Regulators Training Initiative (FRTI) Seminar on Cross Border Offering and Investment in Maldives.

2017 will see the Exchange partnering with relevant funding agencies and training providers for the facilitation of training opportunities for industry participants.

Strategic Objective 6 Highlights – Strategic Partnerships and Regional Expansions

The Exchange continued to undertake research and discussions with relevant parties with respect to this strategic objective. 2016 achievements were as follows:

- ✕ Knowledge exchange between SPSE and the New Zealand Stock Exchange (NZX), funded by ADB PSDI. This has opened up opportunities for further collaboration in the area of Research Reports, Exchange Traded Funds (ETFs) and information sharing for product offerings with NZX.
- ✕ Establishment of a working relationship with PacWealth Advisory for the establishment of a workable regional ETF product. This is a 2-3 years agenda and will continue into 2017.
- ✕ This year we accommodated Mr Vincent Ivosa the Acting General Manager of Port Moresby Stock Exchange (POMSOX) for a knowledge exchange and information sharing trip under the agenda of Dual Listing. The working relationship with POMSOX is now established and SPSE listed companies were part of the meeting, therefore we expect this agenda to progress further towards the implementation of a workable Dual Listing framework by quarter four, 2017.

With these key highlights the year has proven to be a productive and fulfilling one for the Management Team. We say this not only because of the tangible results achieved, but also because of the positive feedback we have received from investors (both resident and non-resident), licensed investment advisors and brokers, institutional investors, policy makers and the general public.

The Year Ahead

SPSE will continue to pursue growth avenues and strategic partnerships domestically and regionally with the same optimism and innovation of 2016. We will continue to market our core business as an access to finance and investment platform and focus on the adoption of technology to enhance ease and reduce cost of doing business in the Fijian stock market.

- ✧ New Listings – 2017 is expected to feature two new listings and we are also committed to delivering these results for the development of Fiji's stock market. We also commend the Government of Fiji for establishing an effective working relationship with the SPSE in 2016 for SOE divestment and we anticipate the fruits of this initiative in the near future.
- ✧ Market Activity – With new listings, Government's policy and financial support, the evident growth in the level of financial literacy in Fiji, expansionary projects and financial performance growth for current listed companies as well as the newly established MoU relationship with TLTB, we are expectant of another year of growth in trading activity. We also expect greater efficiency and higher velocity of transactions when the automated payment system and scripless trading initiatives earmarked for 2017 are implemented.

The challenge for the Board and Management is to maintain and seek to exceed that momentum so that we can add value to shareholders' investment in the Group. With the continued support of the Fijian Government through its tax incentives and the re-engagement of development agencies such as ADB PSDI and IFC with Fiji, we are confidently expectant of yet another positive year of great exploits and growth for the market and the Group in 2017 which will ultimately lead to increase in shareholder value.

Acknowledgement

On behalf of the dynamic Team at the Exchange, I wish to thank those who have contributed significantly to the sustainability and growth of the Group and of Fiji's stock market in 2016. Vinaka Vakalevu to the Government of Fiji, SPSE Board of Directors, licensed stockbrokers, investment advisors and listed company executives for your invaluable support and guidance this year. Navigating new territory under your leadership and/or partnership has been a pleasant and fruitful experience.

One always saves the best for last. To the innovative, competent, dynamic and energetic staff of the Exchange, your unwavering passion for the development of Fiji's stock market and the establishment of its regional role is a daily encouragement and fuels the desire to implement change. 2016 was a successful year because we were intentional about working together as a Team to achieve the Exchange's Vision and strategic objectives. May this always be the *modus-operandi* in years to come.

May 2017 be a year of innovation and great exploits!



Latileta Qoro
Chief Executive Officer

Corporate Governance



Board of Directors



Dr Nur Bano Ali (Chairperson)

Independent Director, Chairperson Governance Committee

Dr Ali is a Business Advisor and practicing Accountant and has been a member of the Accountancy profession for 30 plus years. She is the Managing Partner of Aliz Pacific, (an internationally affiliated firm with Morrison KSI as an independent member) one of Fiji's most respected Chartered Accounting and Business Advisory firms, working both locally and internationally. Her PhD was obtained from the University of Waikato in Hamilton, New Zealand, in the subject of Accounting for Development which was contextualised for Fiji through the study of the Fiji Development Bank and its effectiveness as a development institution. She works with businesses for their growth and continuity through re-structure and optimising on the principles of commercialism. Having served on various Corporate and Statutory Boards for a number of years, and as one of Fiji's most prominent business people she plays a leading role as a representative of private sector interests through her various roles such as the Vice President of the Fiji Chamber of Commerce and Industry, and as a Council member of the Fiji Australia Business Council. She is also an advocate for women, in particular their commercial involvement, highlighted by her role as President of Women in Business Fiji, of which she is also a founding member. Latest addition to her list of accomplishments is the prestigious honour of an "Officer of the Order of Fiji" (OF) which was awarded to her by the President of Fiji as Chancellor of the Order of Fiji for her distinguished services to Fiji.

Mr Saiyad Hussain (Deputy Chairperson)

Chairperson Audit and Finance Committee, Member Governance Committee

Mr Hussain is the General Manager Finance and Administration of the Fiji Development Bank. He is also the Board Secretary of the Fiji Development Bank. His qualification includes a Postgraduate Diploma in Financial Management and a Bachelor of Arts in Accounting and Financial Management and Economics from The University of the South Pacific (USP). Mr Hussain is a professional Chartered Accountant.



Mr Griffon Emose

Member Audit and Finance Committee

Mr Emose is the Managing Director of Kontiki Capital Limited, which provides investment banking services, including stockbroking through its wholly owned subsidiary, Kontiki Stockbroking Limited. He holds a Bachelor of Commerce from the University of Auckland and is a graduate of the Financial Services Institute of Australasia. He also holds the CFA Charter. Prior to joining Kontiki, Mr Emose worked for the Capital Markets Development Authority and the Finance and Commerce Ministries. He is a licensed Investment Advisor Representative and also serves on a number of other boards.

Dr Roland Schultz

Independent Director, Member Governance Committee, Listings and Compliance Committee

Dr Schultz brings a unique combination of practical skills, theoretical insight and experience to the Board including 15 years as a Departmental Head, and over 40 years as a successful investor in the equities market, including 13 years in Fiji. An Applied Psychologist by profession with postgraduate degrees from the Universities of Adelaide, London and University of South Australia, his areas of expertise include human resource management, assessment and professional development, problem-solving and decision-making, communication and research. He has wide experience as a Psychologist and Psychological Consultant for government and semi-government bodies, the disciplined forces and commercial organisations in Australia and the Pacific including China, Brunei, Fiji, Kiribati and Papua New Guinea. Dr Schultz joined the Board in October 2012.





Mr Bhupendra Solanki

Independent Director, Chairperson Listings and Compliance Committee, Member Governance Committee

Mr Solanki is a Lawyer by profession and was admitted to the Bar in 1999. He initially commenced employment at a private legal practice before accepting appointment as a State Prosecutor at the Director of Public Prosecution Office in 2000. In 2005, Mr Solanki joined the Fiji Revenue and Customs Authority (FRCA) as a Principal Legal Officer. In 2007, Mr Solanki was awarded a scholarship to study at The University of Sydney and obtained his Masters of Taxation qualification. Upon his return to Fiji in 2008, Mr Solanki was immediately entrusted with running FRCA's Legal Division and shortly thereafter appointed the National Manager Legal Services. In July 2012, Mr Solanki sought to return to private practice and is currently operating his own law firm, Solanki Lawyers. He specialises in Tax and Customs Law and also does general commercial work.

Mr Steven Pritchard

Member Listings and Compliance Committee

Mr Pritchard holds a Bachelor of Commerce from The University of Newcastle and a Graduate Diploma in Applied Finance and Investment. He is a Certified Practising Accountant and is a Fellow of the Financial Services Institute of Australasia. He is a partner in the Accounting firm of Rees Pritchard Pty Limited and is the Executive Chairman of Pritchard & Partners Pty Limited, which is a participant of the National Stock Exchange of Australia Limited and Hamilton Asset Management Limited which is a licensed funds manager. He is also a Director of several listed investment companies in Australia and was previously the Chairman of NSX Limited and the Stock Exchange of Newcastle Limited. He has been involved in various capacities in capital raising and listing companies on both the ASX and the NSX in Australia. He is currently also a Director of FijiStock Brokers Limited.



Mr Nouzab Fareed

Member Governance Committee, Member Audit and Finance Committee

Mr Fareed is the Group CEO for Fijian Holdings Limited and a Board Director of all FHL group companies. He is a Chartered Management Accountant (UK), a Fellow of CPA (Australia) and Chartered Accountant (Fiji). He is also a licensed Investment Advisor (Fiji) and Certified Fraud Examiner of USA. He is a fellow of Financial Services Association of Australasia and also a graduate of the Australian Institute of Company Directors and has a MBA in Banking & Marketing and a Master of Arts in International Economics. He is the founding President of Australian Institute of Company Directors - Fiji Chapter and also the Past President of Fiji Institute of Accountants (FIA) and Fiji - PNG Business Council. He has more than 27 years of Corporate Finance and Investment Banking experience. Fareed has led teams that executed many acquisitions in Fiji and PNG. He has received Executive Training from Harvard Business School, University of Oxford, Australian Graduate School of Management, Graduate Business School of Auckland, Asian Productivity Organization and Association of Overseas Technical Scholarship of Japan. Fareed is the only Distinguished Toastmaster in the South Pacific.

Mr Josua Satavu

Member Listings and Compliance Committee, Member Audit and Finance Committee

Mr Satavu holds a Bachelor of Arts Degree from The University of the South Pacific (USP) majoring in Economics and Information Systems and is currently pursuing a Postgraduate Diploma in Economics from USP. He was formerly employed as a Licensed Broker Representative for FHL Stockbrokers Limited from August 2006 to October 2008. He then joined FNPF Investments Limited as an Investment Analyst and is currently employed with the Fiji National Provident Fund (FNPF) as a Senior Investment Equities Officer with the Investments Divisions. Mr Satavu serves as a FNPF representative on the SPSE Board.



Corporate Governance Disclosures

Introduction

The Board of Directors and Management of South Pacific Stock Exchange ('SPSE' or 'Exchange') strongly support the principles of good corporate governance, and are committed to building on the Exchange's strong reputation for integrity. The governance arrangements adopted by SPSE are reflective of a high performing well governed organisation. These arrangements enable the Board and Management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture and behaviours. For SPSE it is also important to maintain leading governance practices given its role as the frontline regulator of the stock market and for the long term sustainability of our business.

The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support good governance practices. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes in the business of SPSE.

SPSE's integrated governance framework is designed to ensure that decision-making processes are rigorous and robust and to support the creation of long-term value for shareholders. At SPSE, governance is not just a matter for the Board. Good governance is also the responsibility of Management, and is embedded throughout the organisation. The framework adopted by the Board and Management is outlined below and demonstrates the integrated approach to governance that SPSE believes is necessary to optimise business outcomes.

Principle 1: Establish Clear Responsibilities for Board Oversight

The SPSE Board sees its primary role as the protection and enhancement of long-term shareholder value. The Board is accountable to shareholders for the performance of the Company. It oversees and governs the business and strategic direction of the company on behalf of the shareholders and is responsible for the company's overall corporate governance.

The powers, roles and responsibilities of SPSE directors are outlined in the Board Charter. The Charter also articulates all board related matters into one document which was previously spread across the RBF rules and regulations, the SPSE constitution and the SPSE Business Rules.

In carrying out its responsibilities, the Board will at all times recognise its ultimate responsibility to:

- ✕ maintain good corporate governance standards;
- ✕ act honestly, fairly and diligently;
- ✕ exercise discipline in work;
- ✕ act in accordance with laws and regulations;
- ✕ avoid or manage conflicts of interest;
- ✕ promote SPSE as a good corporate citizen; and
- ✕ commit to the development of the securities industry.

Principle 2: Constitute an Effective Board

Board Composition

The SPSE Board shall comprise of not less than 5 directors and not more than 10 directors out of which at least one third of the Board shall consist of independent directors. The Board also recognises that the composition of the Board is subject to shareholder and RBF approval, hence, it should comprise of directors with an appropriate range and mix of skills, experience, expertise and diversity that will enable the Board to effectively function.

Attendance at Board and Committee Meetings

As a policy of the Board, any director missing three or more meetings consecutively will be dismissed from the Board. Any exception to this rule will be at the discretion of the Board. Discretion will be applied where the director's absence from the meetings is within reasonable grounds.

Attendance at Meetings	Board (SPSE & CSR)		Listings & Compliance Committee		Audit & Finance Committee	
	Entitled	Attended	Entitled	Attended	Entitled	Attended
Dr. Nur Bano Ali (Chairperson)	6	6	3	2	1	1
Mr. Saiyad Hussain (Deputy Chairperson)	6	5			1	1
Mr. Griffon Emose	6	6			1	1
Mr. Steven Pritchard	6	5	3	2		
Dr. Roland Schultz	6	6	2	2		
Mr. Bhupendra Solanki	6	5	3	3		
Mr. Josua Satavu	6	6	3	3	1	1
Mr. Nouzab Fareed	6	4			1	1
Ms. Latileta Qoro (attends all meetings as chief executive)	6	6	3	3	1	1

Directors' Continuous Development

The SPSE directors should understand the structure and operations and key developments affecting the Company and may receive periodic presentations as well as be required to attend relevant trainings, seminars and workshops to assist in achieving such an understanding.

Delegation to Committees

The Board from time to time establishes committees to streamline the discharge of its responsibilities. For each sub-committee, the Board adopts a formal charter setting out the matters relevant to the composition, role, function, responsibilities and administration of such committees. The Board has, at the date of this report, had the following committees:

- ✕ Governance Committee;
- ✕ Listings and Compliance Committee; and
- ✕ Audit and Finance Committee.

Review of Board Performance

The Board conducts an annual review of the Board's performance, policies and practices. The review includes:

- ✕ examination of the effectiveness and composition of the Board, including the required mix of skills, experience, expertise and diversity which the independent directors should bring to the Board for it to function competently and efficiently;
- ✕ examination of the effectiveness and composition of the sub-committees, including the required mix of skills, experience and expertise;
- ✕ review of SPSE's strategic direction and objectives;
- ✕ assessment of whether corporate governance practices are appropriate; and
- ✕ assessment of whether the expectations of differing stakeholders have been met.

Principle 3: Remunerate Fairly and Responsibly

The purpose of this principle is to advise and monitor SPSE's remuneration policy and practice to ensure directors and employees are fairly and equitably rewarded while having due regard to shareholder interests and the financial and commercial health of the Group.

The shareholders of SPSE approve the total remuneration for the directors based on the recommendation of the Board. In addition to remuneration, the directors are also entitled to sitting allowance for committee level meetings.

On the other hand, the Governance Committee is responsible for the appointment, remuneration and renewal of term for the SPSE Chief Executive Officer (CEO). The Board delegates the Management through the CEO of SPSE to deliver the strategic direction and goals determined by the Board.

Principle 4: Timely and Balanced Disclosure

SPSE complies with its disclosure obligations under the RBF laws, rules and regulations and the Companies Act to ensure timely and balanced disclosure to its stakeholders. The SPSE website provides a wide array of information including reports on market activity, indices and statistics on a real-time basis. In addition, SPSE releases weekly trading reports, press statements regarding particular issues, monthly, quarterly and yearly reports on stock market as well as on development activities.

Principle 5: Promote Ethical and Responsible Decision-Making

SPSE acknowledges the need for directors, management and its contractors to observe the highest ethical standards of behaviour, and has established a Code of Ethics and Conduct to address ethical and responsible decision making. Its purpose is to ensure that the company maintains its good reputation and that its business is conducted with integrity and in an environment of transparency.

The Code of Ethics and Conduct sets out the parameters for ethical behaviour and business practices expected of those engaging in activity on SPSE's behalf. They detail standards and expectations relating to:

- ✕ the maintenance of high standards of service and a commitment to fair value;
- ✕ the use of personal, privileged or confidential information;
- ✕ the management of conflict resolution;
- ✕ the prevention of conflicts of interest, ensuring directors and management do not take advantage of property, information or position for personal gain; and
- ✕ the reporting of unethical behaviour.

In addition to the Code of Ethics and Conduct, the SPSE has also adopted a policy on Prohibition of Insider Trading. Directors and designated employees are allowed to acquire securities in companies listed on SPSE if they comply with the provisions of the policy. The policy sets out the procedures to be followed any time a director or designated employee is considering trading in SPSE listed securities, the requirements for pre-authorisation for trading and an obligation on directors and designated employees to disclose all holdings in SPSE listed securities.

Principle 6: Respect the Rights of Shareholders

The rights of the shareholders are entailed in SPSE Articles of Association. Moreover, being a private company, SPSE has only 8 shareholders currently and as such the SPSE Board and Management is able to liaise with and attend to individual shareholder needs.

In addition, the company holds an Annual General Meeting (AGM) once a year to discuss the performance of SPSE. Matters relating to finalisation of accounts, any dividend declaration and any changes to board composition or remuneration are approved by the shareholders at the AGM. An Annual Report is also printed yearly for dissemination to all shareholders.

Principle 7: Accountability and Audit

Internal Audit and Audit Committee

The Board recognises that internal audit is an important function within a business. Given the size of SPSE, the Board does not believe that an internal audit function is required by SPSE at this time. As such, the company does not have an internal audit function.

However, the Board has established an Audit Committee which is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring the internal control process, overseeing the performance of the internal audit function and discussing risk management policies and practices with Management.

External Auditors

SPSE is audited externally each year and receives an independent audit report which is attached to the Annual Report.

Principle 8: Recognise and Manage Risk

Risk management is the ongoing process of identifying risks and implementing plans to address them. Often, the number of assets potentially at risk outweighs the resources available to manage them. It is therefore important to know where to apply available resources to mitigate risk in a cost-effective and efficient manner.

The SPSE Risk Management Policy clearly identifies each potential risk to SPSE with internal and external mitigating factors. In addition, the actions and plans that the Board and Management of SPSE has put in place to control the risk has also been included in the Policy.

The Board and the Chief Executive Officer is accountable for the implementation and maintenance of sound risk management measures. All staff members are responsible and will practice sound risk management practices within their particular areas of responsibility.



Market Report



Market Highlights 2016

Trading Activity

Market Sentiments

2016 noted relatively high demand for stocks with high yields and those that have been historically more liquid. The 12-month average bid to offer ratio of 1:0.9 is testament to the excess demand over supply in the market. However, the stockbrokers of Fiji's three licensed stockbroking firms are to be commended for assisting with the injection of supply (shares) into the market by their respective clientele throughout the year. A Strong 'Hold' and/or 'Accumulate' investor preference for listed securities continued to be observed, in particular for those stocks with dividend yields in excess of 4.00% and for listed companies that have announced expansionary plans/projects therefore providing investors with potential for capital gains, however, the growing presence of growth oriented investors in the Fijian stock market saw sell-offs for the realisation of capital gains. The Exchange has also experienced a welcomed change in the form of investor (buy/sell) sentiments moving in line with company market announcements. We are seeing more well informed investment decisions including the determination of share prices which are linked to developments announced by listed companies such as improved financial performance, product launch and/or acquisition plans. Furthermore, the Exchange also noted that new investors entering the market were focused on establishing a diversified investment portfolio, investing in multiple listed stocks rather than focusing on one particular stock. Stockbrokers have played a pivotal role in this agenda. With the current backdrop of market sentiments, this condition provides a conducive environment for a successful listing by companies contemplating floating their shares to the public through SPSE.

Overall Trading Pattern

Including all the ordinary trades as well as the one-off transactions in 2016 and 2015, the number of trades via the SPSE e-trading platform for the year 2016 stood at 1,580, an increase of 55.36% (563 transactions) in comparison to the same period last year, however, the total volume and value of trades for the year under review declined in comparison to 2015 (2015 December: Special crossing transaction was recorded with the Fiji Government partially offloading its shareholding to FNPF, BSP Life & Unit Trust of Fiji in ATH shares). The total volume traded stood at 37,624,869 shares, a decrease of 49.59% (37,008,121 shares) in comparison to 2015 and the total value traded stood at \$58,682,893, a decrease of 35.81% (\$32,742,997) while comparing it to the 2015 trading statistics.

Excluding all the one-off transactions over the two years in 2015 and 2016, the number of trades for 2016 stood at 1,566, which is an increase of 55.51% (559 trades), the volume traded stood at 8,536,639 shares an increase of 412.13% (6,869,753 shares) and the value traded stood at \$12,781,850, an increase of 430.97% (\$10,374,606).

The key market indicators discussed above for the year 2016 in comparison to year 2015 are illustrated in the table on the right.

Summary of Security Trading (Includes One-Off Transactions)	2016	2015	% Change
Number of Trades	1,580	1,017	+55.36%
Volume Traded	37,624,869	74,632,990	-49.59%
Value Traded (\$)	58,682,893	91,425,891	-35.81%

Summary of Security Trading (Excludes One-Off Transactions)	2016	2015	% Change
Number of Trades	1,566	1,007	+55.51%
Volume Traded	8,536,639	1,666,886	+412.13%
Value Traded (\$)	12,781,850	2,407,244	+430.97%

New Order Flows

New order flow into the market also recorded strong growth with a weekly average consideration of \$486,582 (2015: \$102,663), headed mainly by buying interests which averaged 51.14% of new order flow consideration. A major contributor towards the healthy new order flow statistics was the listing of Vision Investments Limited (VIL) together with participation from various retail and institutional investors, particularly iTaukei Land Trust Board as Trustee for selected Mataqalis, throughout the period under review. The average buy to sell ratio concluded at 1:0.9, indicating the strong presence of demand-side investors that are looking to purchase suitable securities at an agreeable price.

The key market indicators discussed above in comparison to last year are illustrated in the table below.

Summary of Security Trading	2016	2015	% Change
Average bid to offer ratio	1:0.9	1:0.8	+0.16%
Average weekly new order flow consideration (\$)	486,582	102,663	+373.96%

Special Crossing Transactions

Special crossing trades are pre-negotiated deals on the sale and purchase of shares in excess of \$100,000 in value and are one-off transactions. There were a total of 14 of these special crossing transactions in 2016 executed entirely for VIL shares. The total volume and value traded was 29,088,230 shares and \$45,901,043 respectively. A further breakdown of these trades is enumerated below:

- ✕ The first batch of one-off trades was part of the private placement transactions during the day of listing of VIL on

SPSE's official list in February. A total 11 trades were seen as such with a volume of 28,750,260 shares accumulating \$45,292,697 in value;

- ✕ The second batch of one-off trades was seen in May, where a total of 337,970 VIL shares were exchanged in three transactions accumulating \$608,346 in value. These trades were executed as part of the share equalisation exercise amongst the founding shareholders of the company.

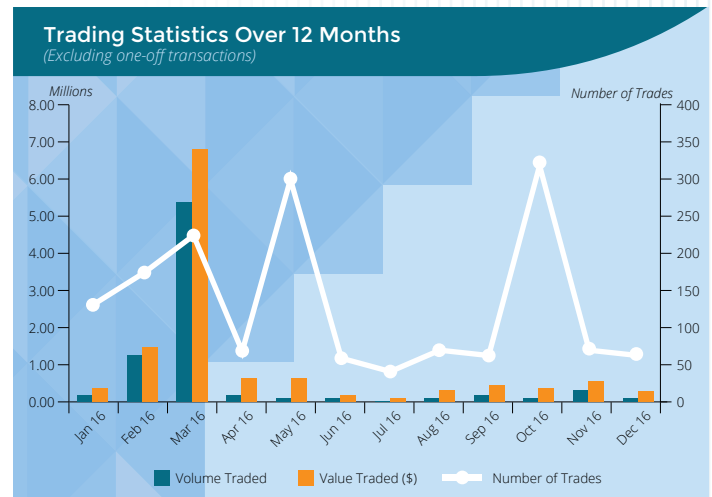
Monthly Market Trend

- ✕ 2016 started on a fairly positive note as 11 listed stocks witnessed trading activities in January. Additionally, trading levels were enhanced due to the execution of Fijian Holdings Limited's (FHL) second market based dividend reinvestment trades pending from 2015;
- ✕ The month of February concluded with the official listing of VIL. Trading activity remained upbeat and driven primarily by VIL shares. The healthy trading statistics continued into the month of March and VIL shares were once again the highlight for the month;
- ✕ During April, trading levels slowed in comparison to the February and March statistics, however, remained higher in terms of volume and value traded to that of January;
- ✕ The month of May saw trading levels pick pace again as a number of trading activities were highlighted during the month. These included the execution of FHL's first market based dividend reinvestment trades for 2016, trading of large volume of shares in Communications (Fiji) Limited (CFM) by a founding shareholder and Chairman of the company who had recently announced his retirement as well as the execution of special crossing trades in VIL which was part of an agreed upon shareholding equalisation process amongst founding shareholders;
- ✕ The month of June and July saw trading levels easing relative to the preceding months with trading activity concentrated on dividend yielding stocks and those with available scrips. PBF shares were the hot pick of investors over this period and into August;
- ✕ In August, market activity focused on a mix between stocks with dividend yields in excess of 4.00% and/or those showing capital gain opportunities. 23 first-time investors were also recorded. 12 listed securities witnessed trading activities in September with eight listed shares recording share price movements; six of which saw capital gains while two listed companies recorded share price decreases;
- ✕ FHL shares were dominant during October as it recorded the company's second bi-annual dividend reinvestment trades. 12 first-time investors sought investment opportunities in the stock market in October with seven investors who had invested earlier in the year in certain listed companies re-entered the market during the month either increasing

their existing shareholding or diversifying their investment portfolio;

- ✕ The month of November maintained healthy trading statistics with the volume and value traded seeing an increase in comparison to the prior month. Despite the festive season setting-in, trading by retail investors in December remained active with BCN and ATH shares being the flavour of the month.

The behaviour in the trading pattern over the past 12 months is illustrated below.



Trade by Security

Analysing the overall market statistics for 2016 by each security shows VIL shares dominating both volume and value traded. VIL statistics pose higher in comparison to other stocks due to the special crossing trades executed on the day of listing. VIL shares represented 86.41% of the overall volume traded and 88.50% of the overall value traded during the year under review. Excluding the VIL Special Crossing trades shows that while VIL is still the most active in-terms of value traded, FMF Foods Limited (FMF) shares dominated volume traded.

In terms of number of trades, the restricted security Fijian Holdings Limited (FHL) stood as the most active stock. FHL accounted for 52.15% of the total number of trades in 2016. These numbers of trades, being close to two times higher than the second most active security, were underpinned by FHL's market based dividend re-investment option for shareholders.

Future Forests (Fiji) Limited equity security (FFF)¹, FijiCare Insurance Limited (FIL) and Pacific Green Industries (Fiji) Limited were the three stocks that did not record any market activity in 2016.

¹ Future Forests (Fiji) Limited Convertible Notes security (FFFN), which mandatorily converted into Equity also did not record any trades during the period under review.

The trade analysis by security for 2016 is tabulated below.

Security	Security Price as at 31/12/16 (\$)	Number of Trades	Volume Traded (000)	Value Traded (\$000)	Issued Securities (millions)	Volume Traded to Issued Securities Ratio	Market Cap (\$ million)
APP	1.05	7	61.50	66.41	8.00	0.77%	8.40
ATH	1.27	96	225.83	263.88	422.10	0.05%	536.07
CFM	4.35	29	191.72	810.84	3.56	5.39%	15.48
FFF	0.79	NO TRADES			30.31	0.00%	23.94
FIL	0.72	NO TRADES			7.82	0.00%	5.63
FMF	0.80	30	4,106.02	3,245.89	150.00	2.74%	120.00
FTV	1.51	8	5.27	5.56	10.30	0.05%	15.55
KGF	0.45	5	28.99	13.05	3.66	0.79%	1.65
PBF	12.10	33	35.56	433.26	10.41	0.34%	125.94
PBP	1.48	4	19.88	26.44	6.60	0.30%	9.77
PGI	1.00	NO TRADES			7.62	0.00%	7.62
RBG	3.15	28	26.67	83.13	30.00	0.09%	94.50
RCF	3.75	6	4.85	18.14	6.00	0.08%	22.50
TTS	3.20	2	4.26	13.52	14.03	0.03%	44.90
VBH	3.98	26	50.32	183.86	2.14	2.35%	8.51
VIL	2.04	434	32,512.56	51,933.12	103.77	31.33%	211.69
FHL	4.09	824	313.40	1,293.21	10.46	2.99%	42.80
BCN	7.78	48	38.05	292.57	3.06	1.24%	23.85
TOTAL:		1,580	37,624.87	58,682.89	829.85	4.53%	1,318.80

Liquidity

Including all the transactions for 2016, the total volume traded accounted for 4.53% of the issued securities quoted on the trading platform. Whilst majority of the listed securities had less than 2% of their securities change hands in 2016, five listed companies witnessed an exchange of more than 2% of their securities on issue including VIL which noted an access of 30% of its quoted securities seeing a turnover during the period under review.

Including all the one-off transactions during the year, the average volume and value of trades per transaction for the market in 2016 was 23,813 shares and \$37,141 respectively while 5,455 shares per transaction in terms of average volume traded and \$8,162 per transaction in terms of average value traded was noted once the one-off transactions for the year are excluded.

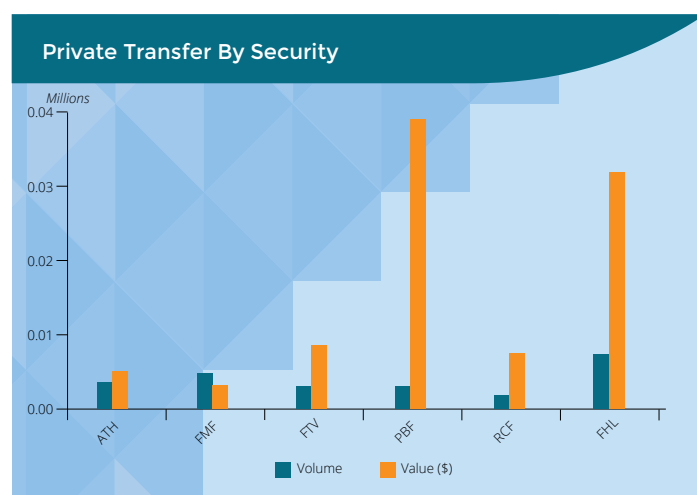
Private Transfers

There were a total of 14 private transfer transactions in six listed securities in 2016. These off market transactions totalled 0.03 million securities in volume garnering a total value of \$0.10 million. A breakdown of private transfer cases is tabulated below:

Private Transfer Type	Number of cases
Estate cases	8
Gift to close relations	4
Exceptional nature	2

FHL shares made up for majority private transfers in terms of volume while PBF shares maintained the highest value and number of transactions for the off-market transfers during 2016.

The bar graph on next column portrays the volume and value of transfers by the individual listed securities in 2016.



Issuances of Securities

The total number of securities on issue as at 31st December 2016 stood at 829.85 million which showed an increase of 15.69% in comparison to 2015. The increase in issued securities is attributed to the quotation of additional shares under the following circumstances:

- ✕ 103,769,425 shares quoted on the SPSE trading platform consequent to the listing of Vision Investments Limited (VIL);
- ✕ 440,094 shares quoted by FijiCare Insurance Limited (FIL) as part of its Dividend Reinvestment Plan;
- ✕ 118,552 shares quoted by Kinetic Growth Fund Limited (KGF). These additional shares were quoted as per the Management Agreement between KGF and its Manager,

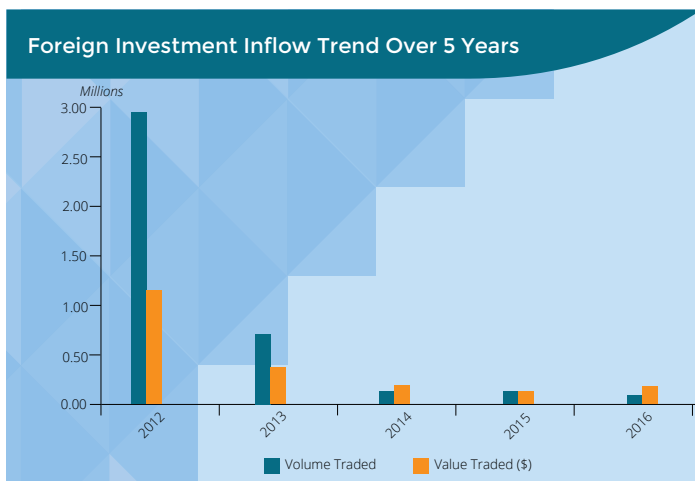
Kontiki Capital Limited whereby the performance fees to the Manager is paid in the form of shares in lieu of cash payment of fees;

- ✕ Futures Forests (Fiji) Limited (FFF) successfully quoted an additional 7,600,000 via a Private Placement issue. FFF also saw the mandatory conversion of Future Forests (Fiji) Limited notes (FFFN) into equity requiring the delisting of FFFN. The notes were converted into FFF shares at a conversion ratio of 1:1 as stipulated in the FFF Prospectus 2011. As such, the delisting of FFFN and the conversion of notes into shares resulted in a nullified effect on the aggregate issued shares for the overall market;
- ✕ Pleass Global Limited (PBP) quoted an additional 600,000 shares via a Private Placement to a strategic investor. The funds raised through the additional issue of shares would be applied towards the acquisition of new production machinery for the company.

Foreign Investment Flows

A small percentage of non-resident shareholders maintain their investments in the SPSE listed companies. In 2016, the amount of new foreign investment inflows into the stock market by way of volume and value traded stood at 0.08 million and \$0.17 million respectively.

A five year trend showing the volume and value of new foreign investment inflows is portrayed below:



Market Returns

Price Gainers/Losers & Income Yield

12 out of the 18 listed shares recorded share price gains in 2016 with two listed shares witnessing negative price returns while four listed stocks did not witness any price changes. On a further assenting note, eight listed shares concluded the year at their all-time high share prices yielding strong capital gains for their shareholders. These listed shares are; ATH (\$1.27), CFM (\$4.35), PBP (\$1.48), RBG (\$3.15), RCF (\$3.75), VBH (\$3.98), VIL (\$2.04) and BCN (\$7.78).

The gainers for the year under review are detailed below:

- ✕ Four listed securities saw double-digit percentage growths amongst which Vision Investments Limited (VIL)² was the

² VIL share price gain of 20.00% is computed based on the listing day closing share price of \$1.70.

largest price gainer with a noteworthy price return of 20.00% (+\$0.34);

- ✕ Second in queue was Pleass Global Limited (PBP) taking an upswing of 18.40% (+\$0.23) with VB Holdings Limited (VBH) at third increasing by 10.56% (+\$0.38). Atlantic & Pacific Packaging Company Limited (APP) settled as the fourth highest price gainer realising a return of 10.53% (+\$0.10);
- ✕ BSP Convertible Notes Limited (BCN) posted an increase of 8.66% (+\$0.62) with the manufacturer of alcoholic and other ready-to-drink beverages, Paradise Beverages (Fiji) Limited following behind with a gain of 8.23% (+\$0.92);
- ✕ FMF Foods Limited (FMF) noted a gain of 6.67% (+\$0.05) with The Rice Company of Fiji (RCF) recording an increase of 5.63% (+\$0.20);
- ✕ Further capital gains were posted by the radio and entertainment conglomerate, Communications (Fiji) Limited (CFM): +4.57% (+\$0.19), Toyota Tsusho (South Sea) Limited (TTS): +3.23% (+\$0.10), supermarket chain, RB Patel Group Limited (RBG): +2.27% (+\$0.07) and the market heavyweight, Amalgamated Telecom Holdings Limited (ATH): +1.60% (+\$0.02).

In terms of price-loss:

- ✕ The restricted stock, Fijian Holdings Limited (FHL) recorded a loss of 1.45% (-\$0.06). FHL recorded a 52-week low share price of \$4.03, however, managed to rebound to close the year at \$4.09;
- ✕ Fiji Television Limited (FTV) posted the largest loss of 36.82% (-\$0.88). FTV shares recorded the lowest value of \$1.00 during 2016, however, saw a generous share price bounce-back and concluded the year at \$1.51.

With five trades recorded during the year, Kinetic Growth Fund Limited's (KGF) share price remained unchanged during the year. Three other stocks, namely; Pacific Green Industries (Fiji) Limited (PGI), Future Forests (Fiji) Limited (FFF)³ and FijiCare Insurance Limited (FIL) did not record any market activities and as such no price variations were recorded.

The average tax-free income yield for the market stood at 6.14% in 2016 higher than the 4.15% average income yield generated for the same period in 2015. A total of \$69.62 million was paid out in dividends from the listed equity securities in 2016. Out of the 18 listed securities, six stocks recorded increases in their yields due to increases in their dividend per share for the 12 months. For other securities, the current yield either remained same as the previous year or saw a decline. The single interest bearing security, Future Forests (Fiji) Limited notes (FFFN) paid a total of \$0.10 million as interests pre-conversion into equity to its noteholders in 2016.

16 securities declared and paid dividends during the course of the year while two stocks, namely; Future Forests (Fiji) Limited (FFF), Kinetic Growth Fund Limited (KGF) did not declare or pay any dividends during the year.

Details of price and capital growth returns as well as the income yields per security are tabulated on the following page.

³ As per a Voluntary Suspension request, FFF shares remained Suspended at the end of 2016 and will continue to remain until such time the company is able to resolve its solvency related challenges.

Security	Security Prices		Capital Growth (%)	Income Yield (%)	Total Market Return (%)
	2015	2016			
APP	0.95	1.05	10.53%	1.19%	11.72%
ATH	1.25	1.27	1.60%	6.30%	7.90%
CFM	4.16	4.35	4.57%	1.84%	6.41%
FFF	0.79	0.79	0.00%	0.00%	0.00%
FIL	0.72	0.72	0.00%	5.56%	5.56%
FMF	0.75	0.80	6.67%	1.50%	8.17%
FTV	2.39	1.51	-36.82%	43.71%	6.89%
KGF	0.45	0.45	0.00%	0.00%	0.00%
PBF	11.18	12.10	8.23%	2.48%	10.71%
PBP	1.25	1.48	18.40%	2.70%	21.10%
PGI	1.00	1.00	0.00%	7.00%	7.00%
RBG	3.08	3.15	2.27%	4.76%	7.03%
RCF	3.55	3.75	5.63%	6.67%	12.30%
TTS	3.10	3.20	3.23%	3.13%	6.35%
VBH	3.60	3.98	10.56%	3.52%	14.07%
VIL	1.70	2.04	20.00%	4.82%	24.82%
FHL	4.15	4.09	-1.45%	5.87%	4.42%
BCN	7.16	7.78	8.66%	9.45%	18.11%
Average			3.45%	6.14%	9.59%

Total Market Return

The overall capital growth for Fiji's stock market averaged 3.45% (Tax-free) while the average dividend yield for the market stood at 6.14% (Tax-free). Aggregating the average capital growth and the average income yield resulted in a **9.59% average total market return for 2016**.

It was encouraging to note an increase in the average dividend yield to a competitive rate of 6.14% (Tax-free), particularly with a dividend-driven populous. From the average capital growth perspective, the year-end average of 3.45% was greatly affected by the 36.82% price-loss in FTV shares.

Seven listed shares yielded a double digit total market return percentage growth while other remaining shares (except two) yielded a total market return of greater than 4.00% (Tax-free). FFF and KGF were the two securities that did not record any market returns for their shareholders in 2016.

The Earnings per Share (EPS) and Price Earnings (PE) ratio per security in comparison to the prior year is shown in the table on the right.

Security	Earnings Per Share (Cents)		Price Earnings Ratio (Times)	
	2015	2016	2015	2016
APP	6.16	-0.86	15.42	-121.50
ATH	11.80	13.44	10.59	9.45
CFM	41.45	40.91	10.04	10.63
FFF	-1.81	-14.31	-43.71	-5.52
FIL	5.84	9.90	12.34	7.28
FMF	11.01	11.30	6.81	7.08
FTV	15.83	-6.49	15.09	-23.28
KGF	4.68	-1.20	9.62	-37.49
PBF	94.76	118.79	11.80	10.19
PBP	11.47	12.52	10.89	11.82
PGI	1.37	1.95	72.84	51.26
RBG	19.73	24.50	15.61	12.86
RCF	49.68	44.69	7.15	8.39
TTS	52.22	61.59	5.94	5.20
VBH	206.14	66.19	1.75	6.01
VIL	n/a	11.06	n/a	18.45
FHL	59.74	88.45	6.95	4.62
BCN	52.27	69.35	13.70	11.22

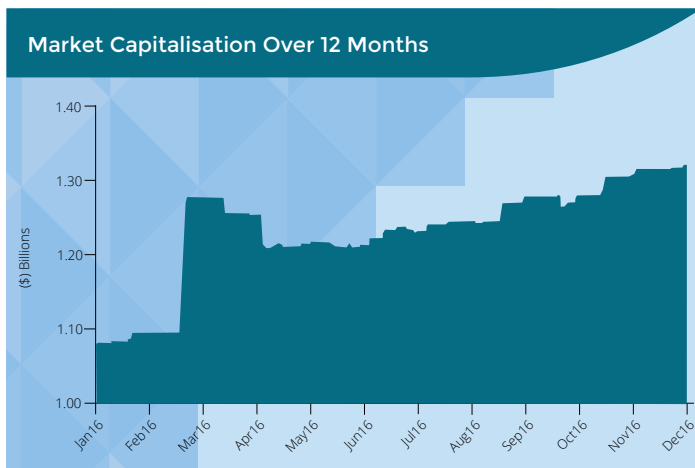
Market Capitalisation – All time high at \$1.32 billion

The overall capitalisation of the market recorded a robust 22.78% (+\$244,702,729) growth over the 2016 period and concluded at its all-time high value of \$1,318,795,202. It was also pleasing to see fluctuations in the market capitalisation all throughout the year.

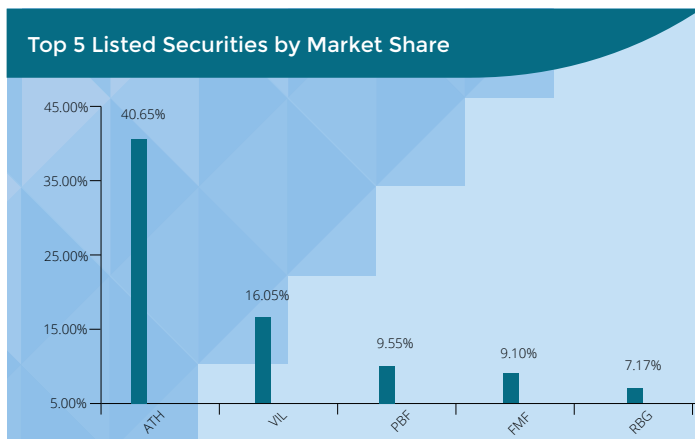
Amalgamated Telecom Holdings Limited (ATH) remained the market heavyweight, however, lost its historical occupancy of around 50% to settle at 40.65% at the end of 2016 subsequent to the listing of Vision Investments Limited (VIL). VIL is now the second largest listed company by way of market share with 16.05% occupancy at year end. PBF stood third in queue and contributed 9.55% towards the overall market value.

This spread is another welcomed change for the Exchange and has augured well in so far as cushioning the impact of any negative price changes in heavyweight shares on the market.

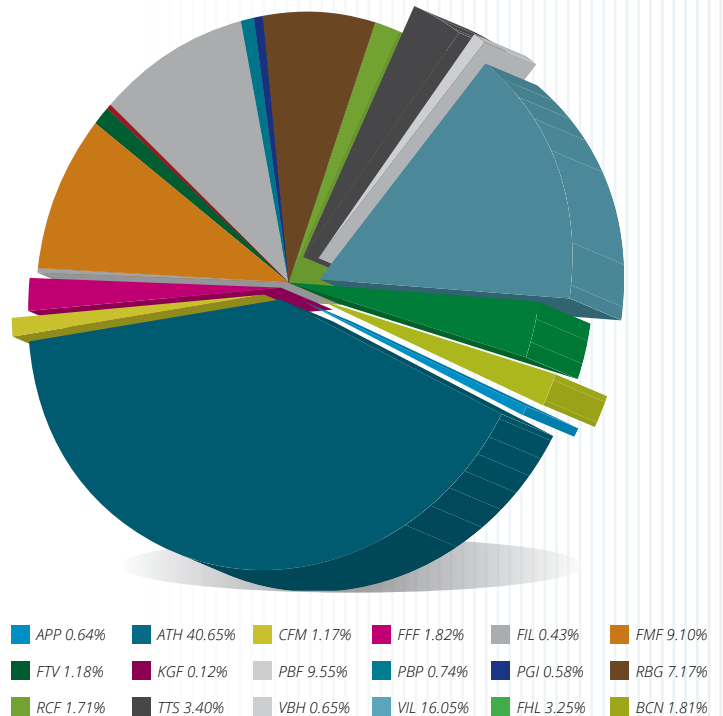
The market capitalisation trend over the past 12 months is illustrated below.



The top five securities in terms of market capitalisation (representing 82.52% of market capitalisation) at the end of 2016 were as follows:



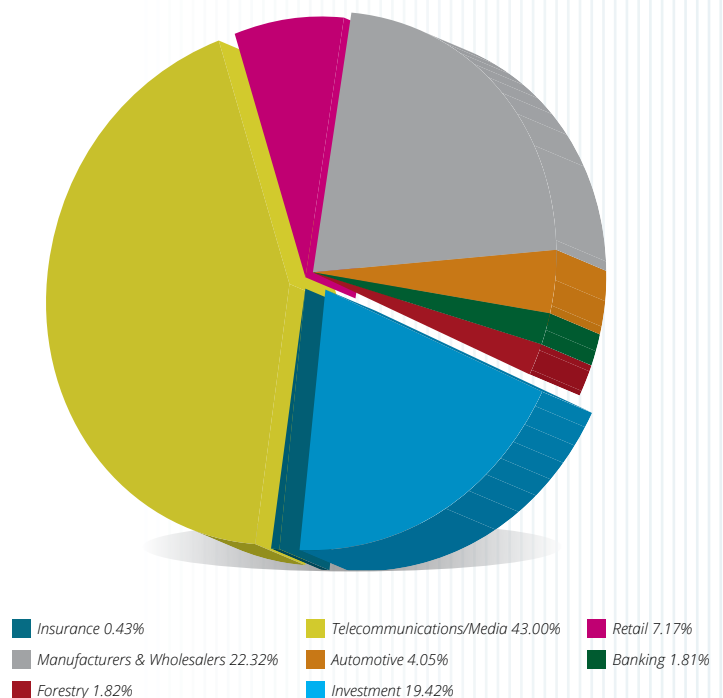
Details of the contribution of each listed security towards the overall market capitalisation as at the end of 2016 are illustrated below:



By sectorial representation, the Telecommunications and the Media sector grasps the largest portion of the overall market value at 43.00%. The Manufacturers & Wholesalers sector stands second in queue occupying 22.32% with the Investment sector posing third with a 19.42% occupancy;

The Retail sector demonstrates an ownership of 7.17% with the Automotive sector standing at 4.05%. The Forestry and the Banking sector are in close proximity occupying 1.82% and 1.81% of the overall market value respectively. The Insurance sector holds the smallest portion of the market value at 0.43%.

The pie-chart below portrays the contribution of each sector towards the overall market capitalisation.



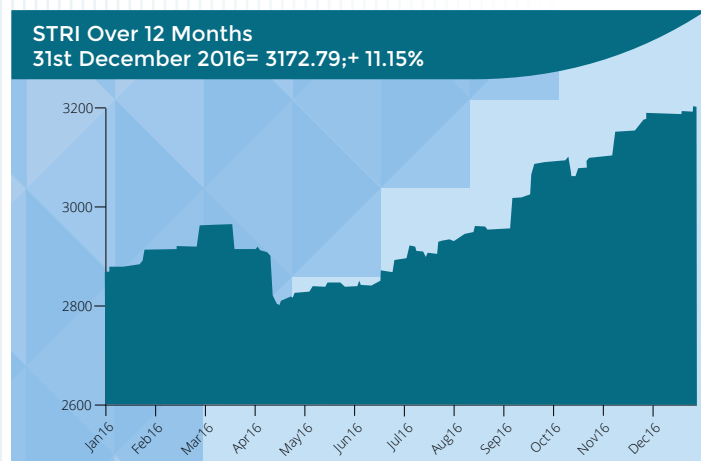


Market Indices

SPSE Total Return Index (STRI)

With an increase in the average income yield to 6.14% and a relatively stable average capital growth of 3.45%, the SPSE Total Return Index (STRI) showed a notable gain of 11.15% (+318.20 points) in 2016 with the SPSE barometer concluding the year at an all-time maximum value of 3172.79.

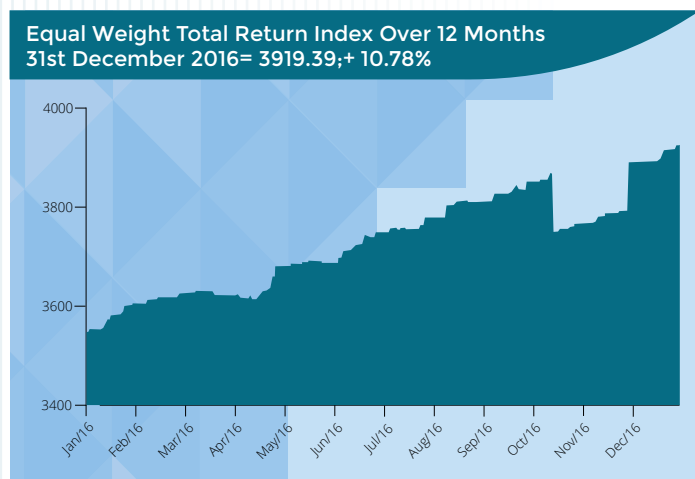
The 12 month performance for SPSE Total Return Index (STRI) is illustrated below.



Equal Weighted Total Return Index

The Equal Weighted Total Return Index which weighs all the listed stocks equally without being skewed by the heavyweights concluded the year 2016 at a value of 3919.39, a gain of 10.78% (381.54 points) for the period under review.

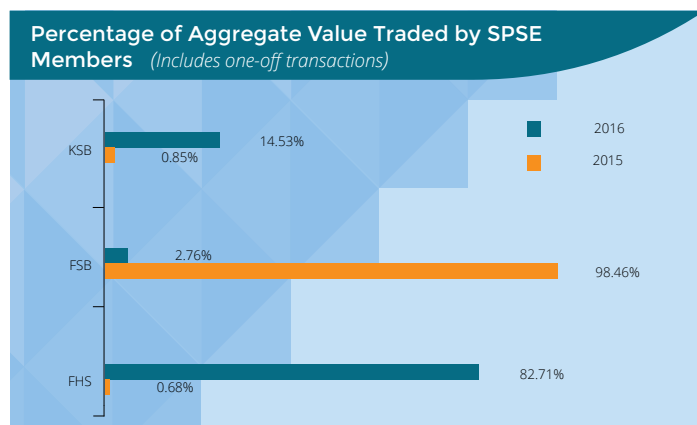
The 12 month performance for Equal Weighted Total Return Index is illustrated below.



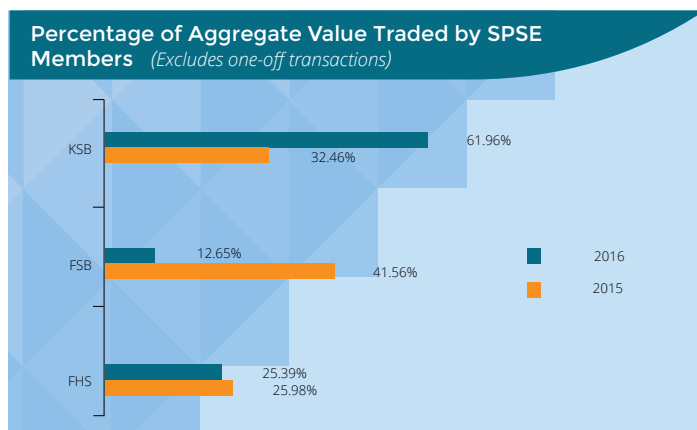
Trading Activity by SPSE Members

The bar graphs below portray the value traded by each of the three stockbroking houses, FHL Stockbrokers Limited (FHS), Kontiki Stockbroking Limited (KSB) and FijiStock Brokers Limited (FSB), as a percentage of the overall consideration accumulated during the period under review in comparison to 2015.

The graph below includes the one-off transactions executed on the SPSE.



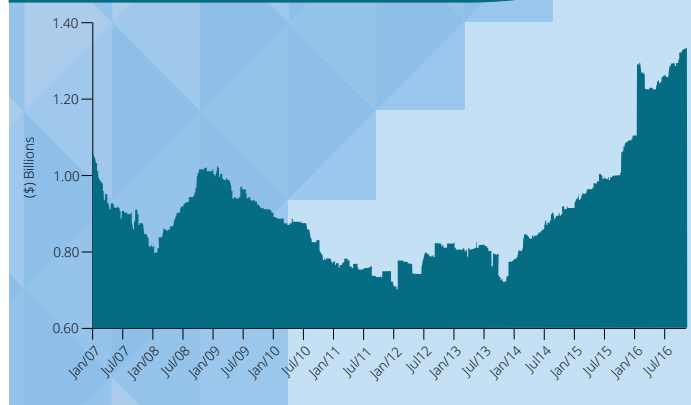
The illustration below excludes the one-off transactions executed on the SPSE over the two years.



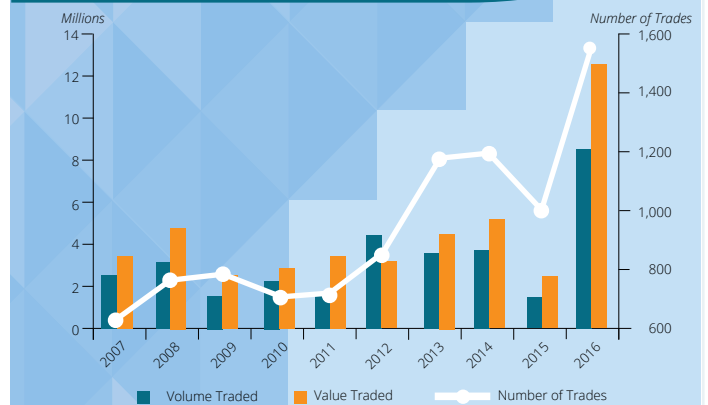
Market Statistics

Ten Year Key Market Indicators

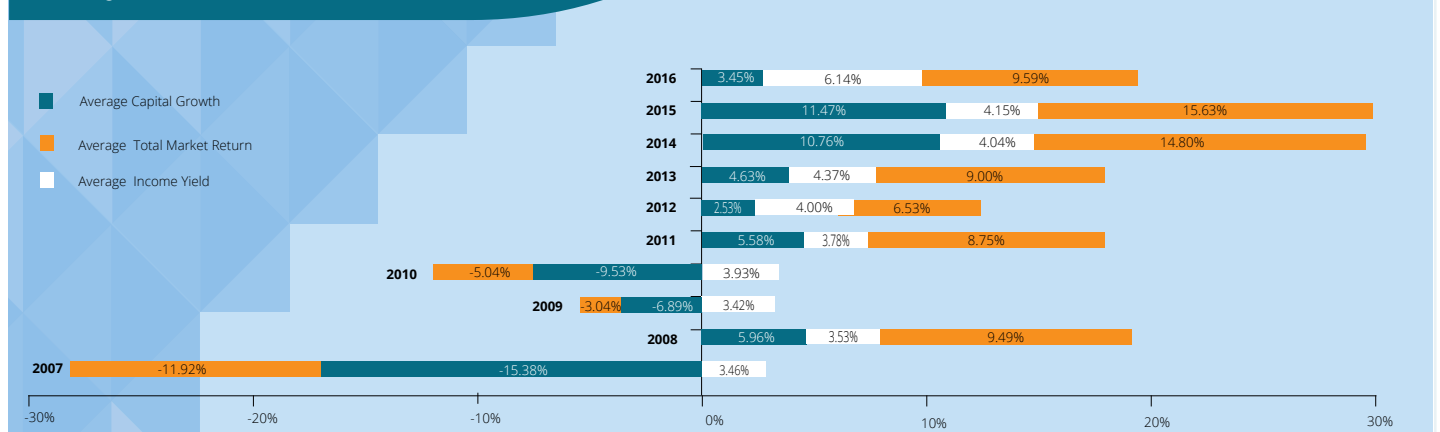
Market Capitalisation Over 10 Years



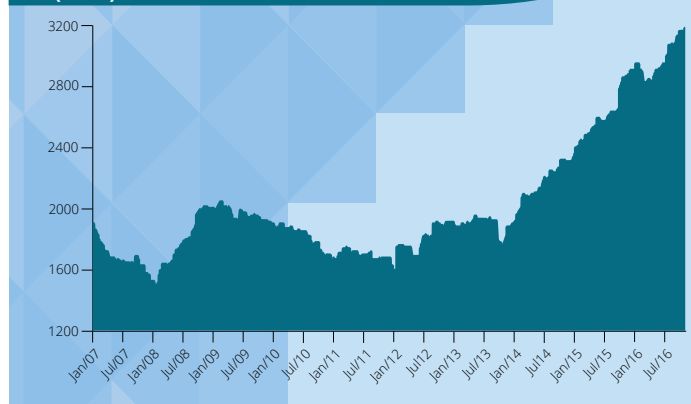
Trading Statistics Over 10 Years (Excluding one-off transactions)



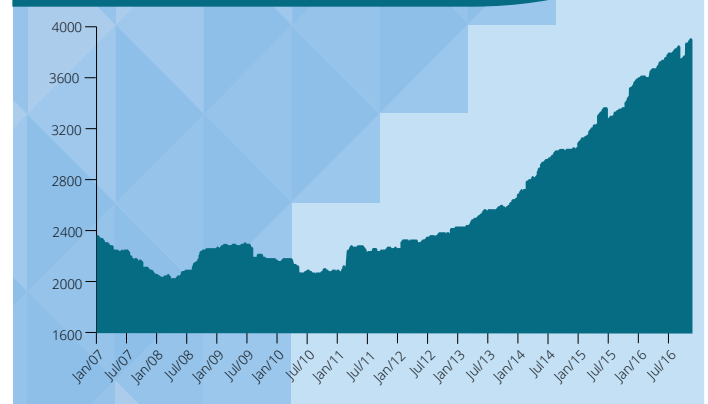
Average Returns Over 10 Years



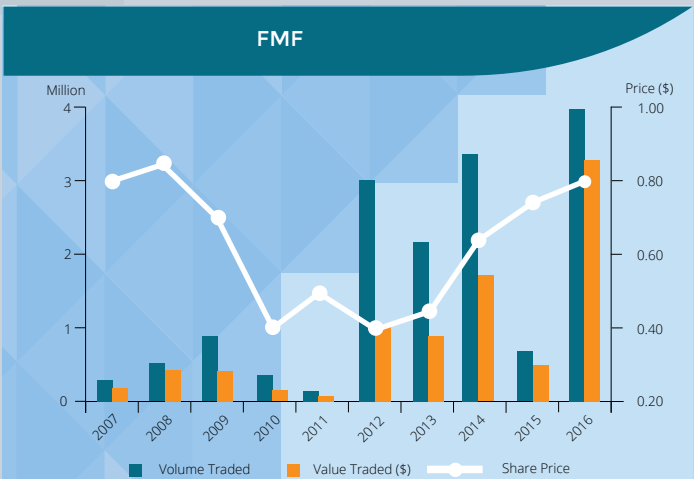
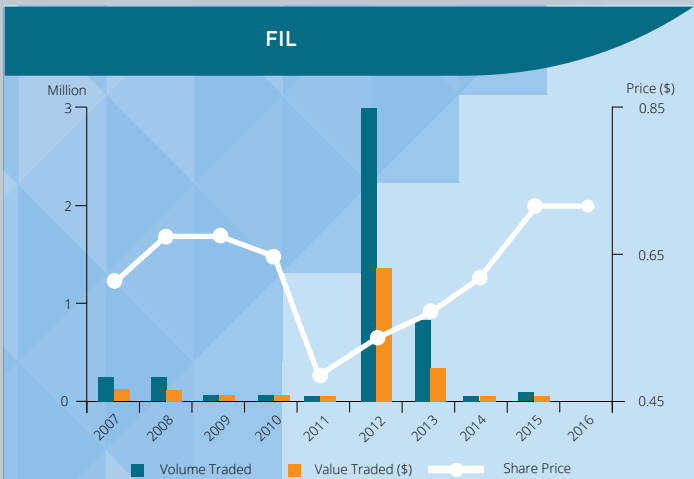
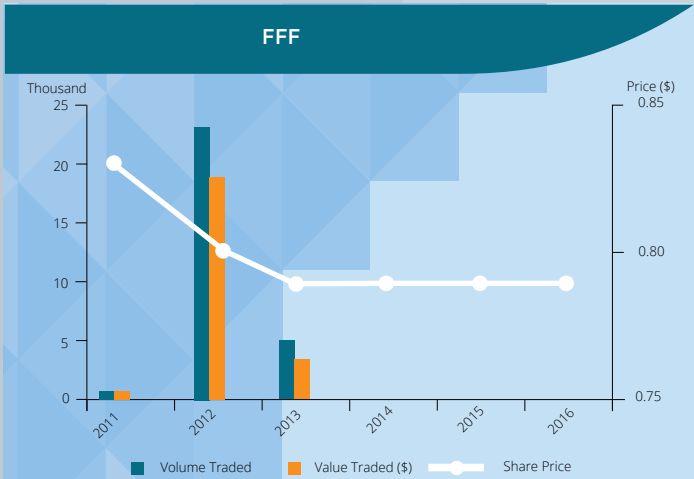
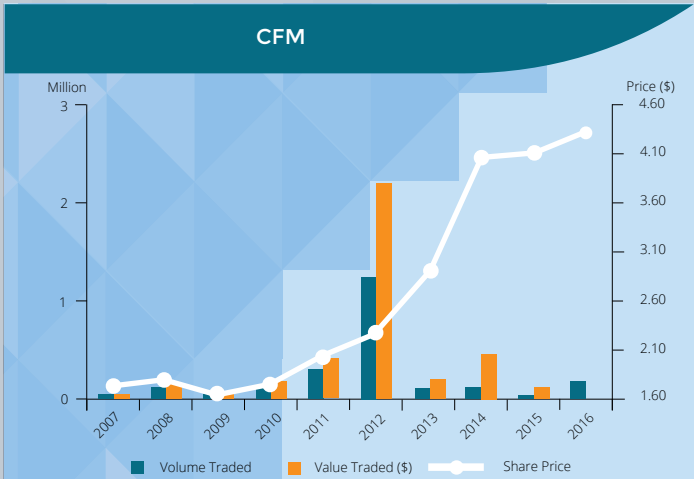
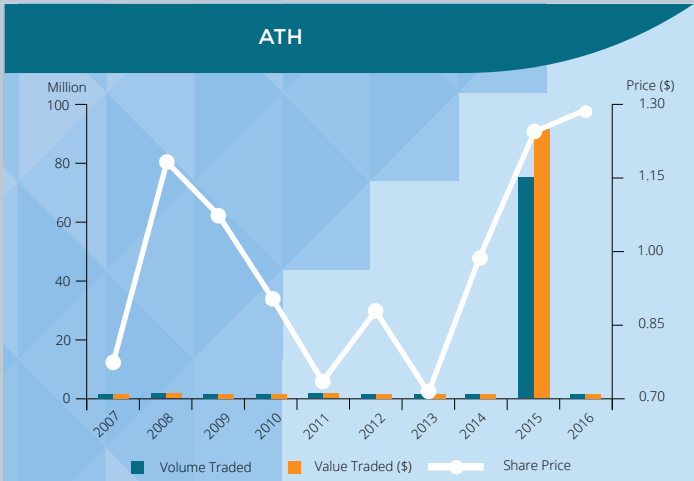
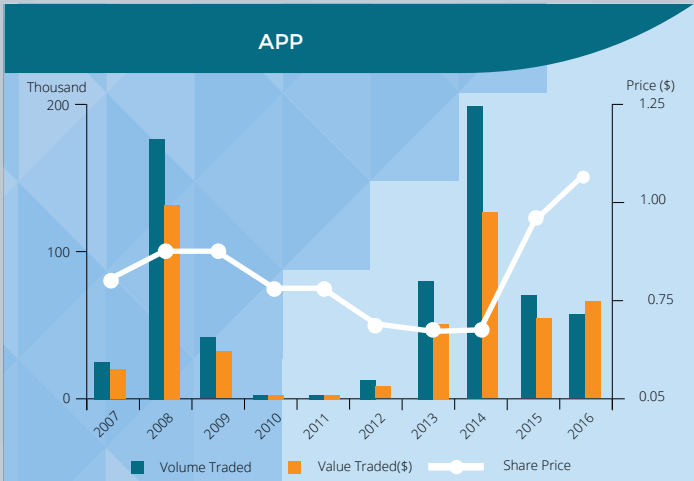
SPSE Total Return Index Over 10 Years (STRI)

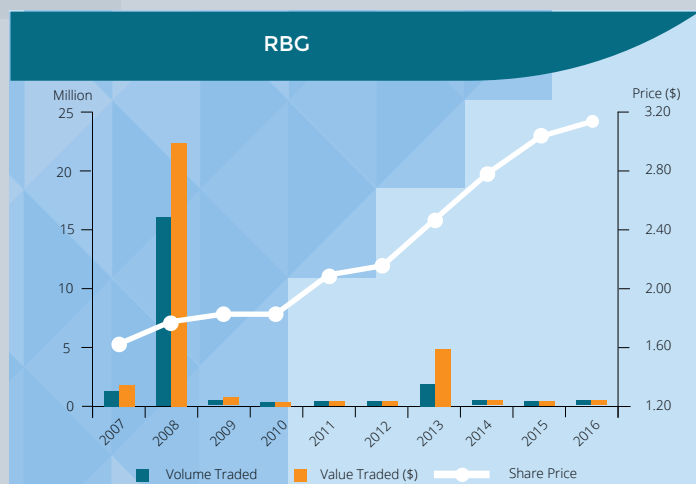
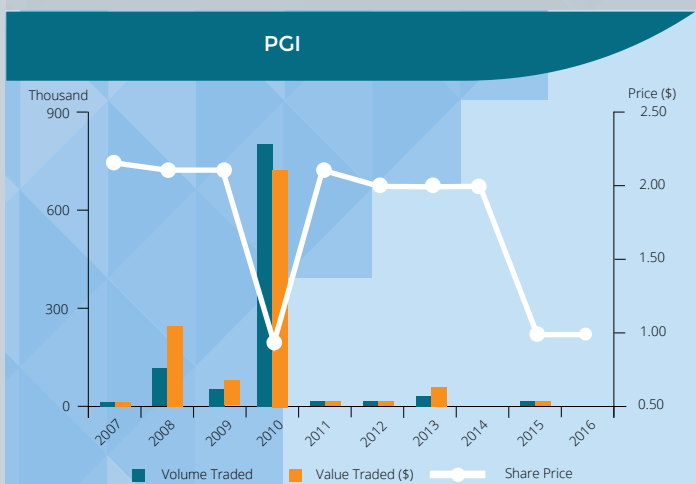
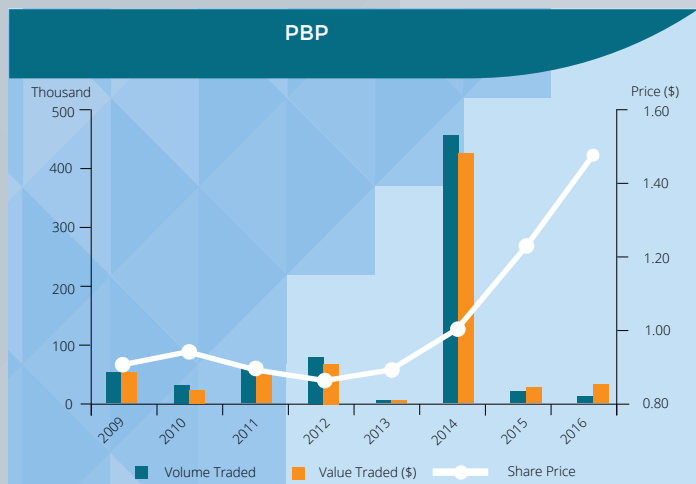
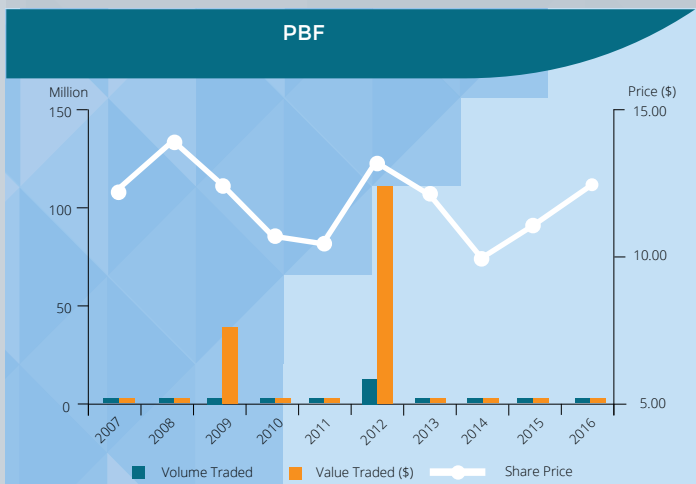
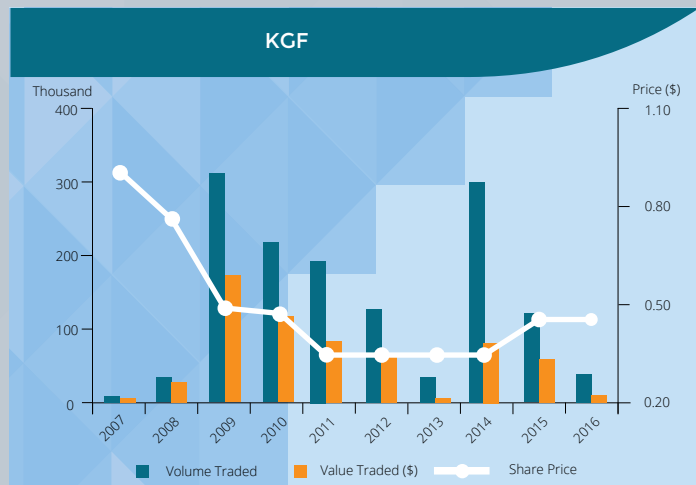
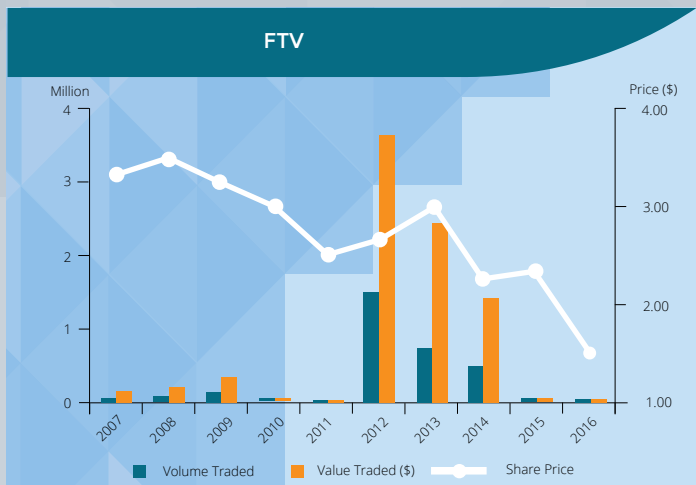


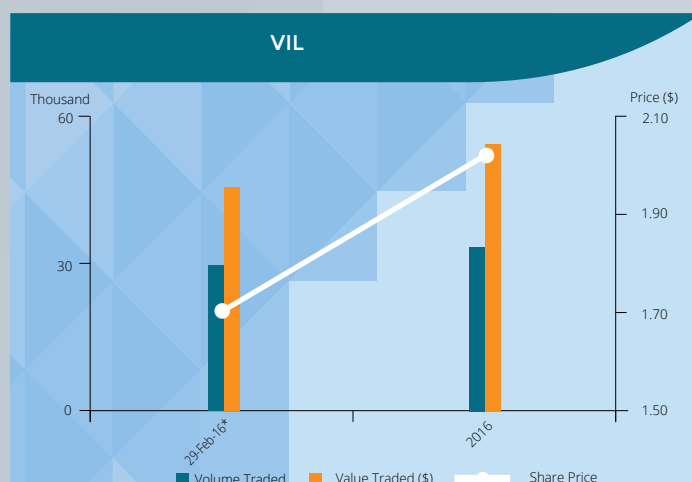
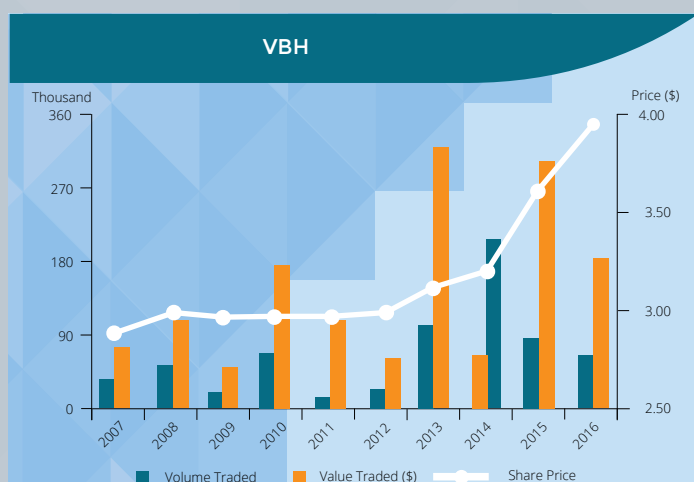
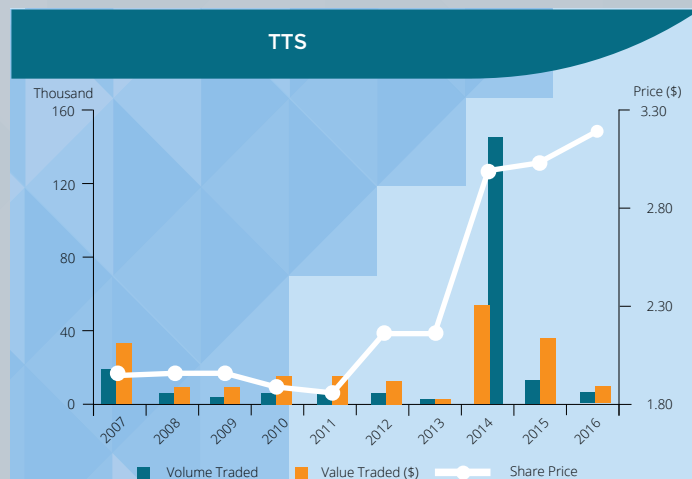
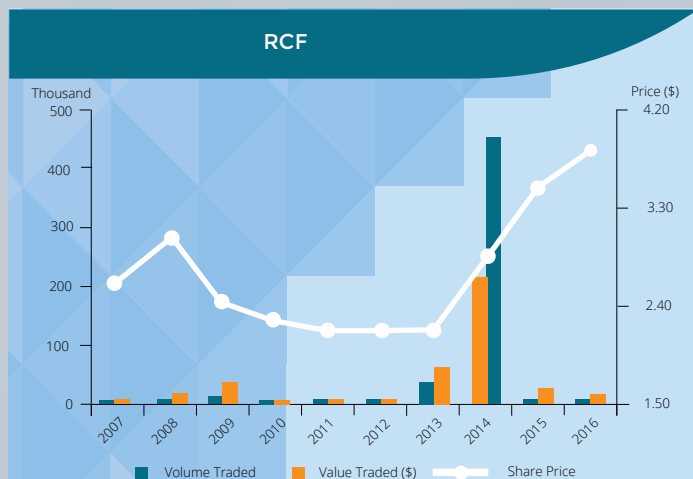
Equal Weighted Total Return Index Over 10 Years



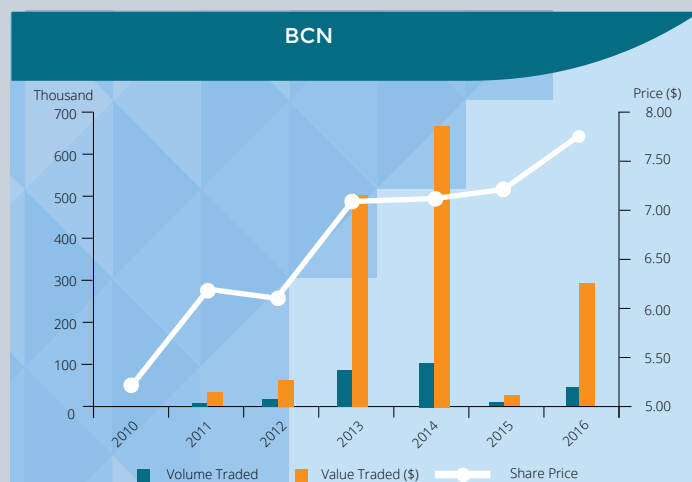
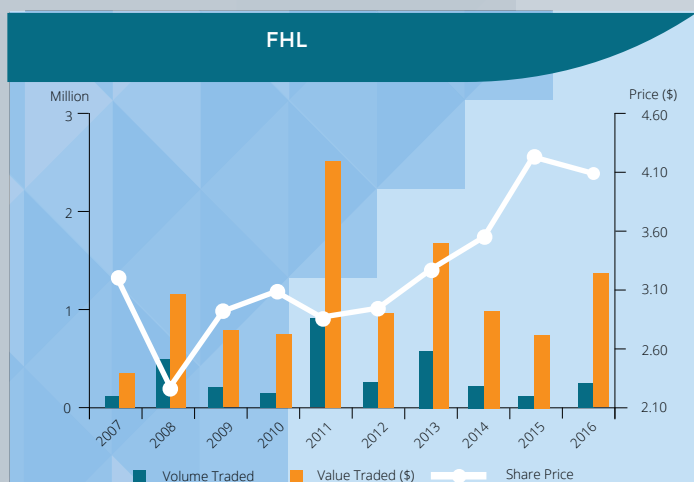
Volume traded, value traded and share price performances for listed securities over the last 10 years.







* Refers to the day of Listing



Investor Profile



Security Holders 2016

New Investors

A total of 283 first-time shareholders have invested and are now participating in the Fijian stock market in 2016. The listing of Vision Investments Limited (VIL) in 2016 was a significant contributor to the new investor statistics with 192 investors or 67.84% of the 283 new investors entering the Fijian stock market through VIL. A majority of these new investors were retail investors who targeted securities with dividend yield in excess of 4.00% and a growing number of new investors also looking for stocks showing potential for future capital gains. Another welcomed highlight towards the conclusion of 2016 was that individuals were investing a part of their Bonus pay-out or year-long savings in the stock market during the festive season. Overall, new investors contributed 32.34% (511 trades) towards the aggregate number of transactions for 2016 while 7.76% (2,918,591 shares) and 9.21% (\$5,402,239) was attributed by these investors for the volume and value traded respectively.

Distribution of Security Holding & Number of Security Holders

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
APP	5	78	22	11	3	0	0	2	4	1	126
ATH	28	1,264	120	38	12	5	11	13	4	8	1,503
CFM	4	117	9	3	6	2	0	1	4	1	147
FFF	40	89	15	16	3	5	4	4	27	4	207
FIL*	13,268	40	5	8	5	0	0	2	5	2	13,335
FMF	9	103	75	78	41	16	23	35	48	9	437
FTV	40	411	8	3	2	1	2	0	3	2	472
KGF	1	79	18	15	5	3	3	5	6	1	136
PBF	283	353	19	5	2	0	1	1	1	1	666
PBP	1	56	12	5	1	0	1	2	3	2	83
PGI	16	30	0	2	1	1	0	1	3	3	57
RBG	33	194	34	14	7	0	2	4	9	5	302
RCF	12	75	6	9	1	2	0	3	2	1	111
TTS	89	46	5	1	1	1	0	1	1	2	147
VBH	40	59	6	6	2	1	2	2	4	0	122
VIL	9	155	69	21	6	1	4	4	8	9	286
FHL	149	829	59	57	18	16	11	32	13	0	1,184
BCN	31	68	2	1	0	2	3	4	4	1	116
Total	14,058	4,046	484	293	116	56	67	116	149	52	19,437

* FIL has approximately 13,257 shareholders with only 20 shares or less each.

Number of Resident & Non-Resident Security Holders

Security	No. of Resident Security Holders	No. of Non-Resident Security Holders
APP	116	10
ATH	1,427	76
CFM	129	18
FFF	169	38
FIL	13,326	9
FMF	349	88
FTV	428	44
KGF	126	10
PBF	518	148
PBP	79	4
PGI	48	9
RBG	285	17
RCF	96	15
TTS	80	67
VBH	102	20
VIL	279	7
FHL	1,169	15
BCN	114	2
TOTAL	18,840	597

Percentage of Free Float & Non-Free Float Security Holding

Security	Free Float	Non-Free Float
APP	14%	86%
ATH	10%	90%
CFM	21%	79%
FFF	28%	72%
FIL	17%	83%
FMF	29%	71%
FTV	16%	84%
KGF	41%	59%
PBF	10%	90%
PBP	11%	89%
PGI	6%	94%
RBG	19%	81%
RCF	11%	89%
TTS	6%	94%
VBH	29%	71%
VIL	10%	90%
FHL	85%	15%
BCN	25%	75%
Average	22%	78%

Resident Retail Security Holding by Geographical Location, Resident Institutional Security Holding & Non-Resident Security Holding

Security	Total Issued Securities (millions)	Resident retail security holding by geographical location			Resident institutional shareholding	Aggregate resident security holding	Aggregate non-resident security holding
		Central/Eastern	Western	Northern			
APP	8.00	18.54%	0.83%	0.03%	79.78%	99.18%	0.82%
ATH	422.10	0.73%	0.35%	0.05%	98.79%	99.91%	0.09%
CFM	3.56	16.18%	0.38%	0.00%	81.46%	98.03%	1.97%
FFF	30.31	36.46%	0.16%	0.01%	51.86%	88.50%	11.50%
FIL	7.82	9.43%	0.50%	0.02%	28.16%	38.11%	61.89%
FMF	150.00	7.22%	2.12%	0.28%	87.73%	97.35%	2.65%
FTV	10.30	2.85%	1.68%	0.09%	94.90%	99.52%	0.48%
KGF	3.66	22.15%	1.14%	0.00%	59.56%	82.85%	17.15%
PBF	10.41	2.65%	1.19%	0.15%	94.07%	98.06%	1.94%
PBP	6.60	56.01%	0.20%	0.00%	42.80%	99.01%	0.99%
PGI	7.62	0.84%	0.58%	0.00%	87.96%	89.37%	10.63%
RBG	30.00	5.10%	4.67%	0.12%	89.91%	99.80%	0.20%
RCF	6.00	4.36%	0.30%	0.15%	94.50%	99.30%	0.70%
TTS	14.03	0.28%	0.04%	0.00%	19.72%	20.05%	79.95%
VBH	2.14	43.07%	0.63%	0.09%	15.48%	59.27%	40.73%
VIL	103.77	1.72%	0.55%	0.02%	91.53%	93.82%	6.18%
FHL	10.46	15.38%	2.88%	0.55%	80.93%	99.75%	0.25%
BCN	3.06	4.34%	0.26%	0.01%	95.14%	99.74%	0.26%

Security Holding by Investor Type

Security	TYPE OF INVESTOR									
	Individual	Institution/ Company	Trust	Joint/Family	Group/Club	Co-operative	Mataqali	Province	Tikina	Yavusa
APP	4.98%	78.26%	15.60%	0.59%	0.04%	0.54%	0.00%	0.00%	0.00%	0.00%
ATH	0.94%	92.91%	5.87%	0.12%	0.03%	0.02%	0.00%	0.11%	0.00%	0.00%
CFM	10.09%	63.42%	22.89%	3.11%	0.49%	0.00%	0.00%	0.00%	0.00%	0.00%
FFF	28.85%	28.80%	25.06%	17.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FIL	7.67%	85.38%	5.82%	0.53%	0.31%	0.00%	0.00%	0.29%	0.00%	0.00%
FMF	11.82%	84.02%	3.72%	0.30%	0.04%	0.10%	0.00%	0.00%	0.00%	0.00%
FTV	4.50%	90.09%	4.70%	0.49%	0.06%	0.13%	0.02%	0.00%	0.00%	0.00%
KGF	32.91%	63.61%	0.22%	3.14%	0.09%	0.00%	0.03%	0.00%	0.00%	0.00%
PBF	5.54%	93.07%	1.02%	0.32%	0.02%	0.00%	0.01%	0.02%	0.00%	0.00%
PBP	56.78%	36.07%	6.75%	0.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PGI	11.58%	70.42%	17.54%	0.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RBG	9.37%	84.38%	5.54%	0.30%	0.38%	0.01%	0.00%	0.00%	0.00%	0.00%
RCF	4.00%	86.49%	8.66%	0.76%	0.07%	0.02%	0.00%	0.00%	0.00%	0.00%
TTS	0.46%	99.16%	0.28%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VBH	79.25%	8.76%	11.76%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VIL	1.85%	91.84%	5.78%	0.39%	0.00%	0.06%	0.01%	0.07%	0.00%	0.00%
FHL	19.24%	34.95%	5.55%	6.09%	2.78%	7.77%	4.22%	13.94%	5.15%	0.31%
BCN	4.15%	88.76%	5.28%	0.50%	0.00%	1.31%	0.00%	0.00%	0.00%	0.00%

Development Report



The 2016 period was an interesting year underpinning realisation of numerous key initiatives by the Exchange to further improve the experience of market players and investors on our Exchange. Emphasis was placed on investor education, training of market players and a major improvement in the delivery of investor services through the use of technology focused on ease of doing business by our subsidiary company, Central Share Registry Limited (CSRL).

Investor Awareness/Education

Without basic financial education, investors are less savvy in making important financial choices and as such the Exchange undertakes an attentive development role to empower and raise the level of investor maturity for individuals exploring to invest in the stock market.

As such and in partnership with relevant stakeholders, the Exchange carried out the following investor related activities in 2016:

PRESENTATIONS AND INFORMATION SESSIONS				
Investor Awareness Mediums	Investment Seminar & Stockbroker Consultation	Corporate Awareness Sessions	High School Visitations	University Visitations
Target Groups	Those willing to get started in share investments (Open to everyone)	Interested staff at specific business houses	Senior Commerce and Business students	Accounting/ Finance/ Economics/ Master of Business Administration (MBA) students
Topics Covered	<ul style="list-style-type: none"> Understanding the difference between Savings and Investing; How can one use share investments to achieve their future financial goals/carry-out financial planning; Available investment options in Fiji's Capital Markets and level of returns being offered; Tax incentives and other advantages of investing in shares; Historical returns from SPSE listed companies; Process and costs of buying shares; Advantages of consistent investing and choosing the right shares based on your investment objectives; Shareholder rights and how to manage your share investment portfolio. 		<ul style="list-style-type: none"> Capital Markets Structure and Role of the Stock Market; Investment options and types of returns being offered; Difference between Saving and Investing; Importance of investing and how to use share investments to achieve future financial goals; What are shares; Advantages of starting early and young. 	<ul style="list-style-type: none"> Capital Markets Structure and Role of the Stock Market; Investment options and types of returns being offered; Significance of investment ratios to analyse share market; Measuring trends and growth in market through indices and share price movements.
Location and Date	<ul style="list-style-type: none"> Suva – 5th May 2016 Nadi – 24th September 2016 	<ul style="list-style-type: none"> Fiji Independent Commission Against Corruption (FICAC) Inductees – 13th January 2016 Levu Dina Trust (Suva)– 5th May 2016 Staff of Technology & Employment Skills division of Ministry of Education - 10th May 2016 Navikuci Mataqali (Deuba)- 10th May 2016 Housing Authority staff (Lautoka) – 21st July 2016 Fiji National Provident Fund staff (Lautoka) – 21st July 2016 Ministry of Youth & Sports staff (Suva) – 6th October 2016 Republic of Fiji Military Forces (RFMF) Officers – 12th October 2016 iTaukei Land Trust Board (TLTB) Finance and Trust Department staff – 6th December 2016 	<ul style="list-style-type: none"> 6 Schools over the months of April to August 	<ul style="list-style-type: none"> USP Finance Program – 10th March 2016 MBA Program (new Business Venture) 22nd March 2016 USP Accounting Program (Financial Management) – 19th July 2016 USP Finance Program (Financial Risk Management) - 20th July 2016 USP Finance Program (Personal Financial Planning) - 3rd August 2016 USP Finance Program (Small Business Finance) in which 3 listed companies including SPSE were chosen to study and recommend areas of improvement (financial, governance and operational) – Semester 2 2016
Number of Attendees	<ul style="list-style-type: none"> Suva – 64 attendees Nadi– 40 attendees 	<ul style="list-style-type: none"> Number of attendees in each of the sessions ranged from 15-30 individuals 	<ul style="list-style-type: none"> Number of students from each school ranged from 30-50 students 	<ul style="list-style-type: none"> Number of students in each class ranged from 25-50 students

MEDIA ADVERTISEMENTS	
Medium	<ul style="list-style-type: none"> Television Radio
Topics covered	<ul style="list-style-type: none"> Using share investments for future financial goals; Tax-free returns from SPSE listed companies; How to avoid impulse buying
Date	<ul style="list-style-type: none"> Feb 2016 April 2016 May 2016 June 2016 July 2016 August 2016 December 2016



NEWSPAPER AND MAGAZINE PUBLICATIONS*

Topics Covered	Publication Medium	Month Published
2015 Stock Market Review and 2016 Outlook	Business Melanesia Magazine	January 2016
Central Share Registry upgrade and ease of doing business	Business Melanesia Magazine	February 2016
<ul style="list-style-type: none"> Why invest in Shares Difference between Savings and Investing Advantages of starting to invest early and young 	Fiji Times and Fiji Sun Business Supplements	February 2016
<ul style="list-style-type: none"> Importance of having a Financial Goal What to consider before investing in Shares 	Fiji Times and Fiji Sun Business Supplements	February 2016
Vision Investments Limited (VIL) goes Public	Business Melanesia Magazine	March 2016
Founding shareholders unlock the value of Company – VIL Listing	Fiji Sun Business Supplement	March 2016
Shareholder Rights at Annual General Meetings (AGM)	Fiji Times and Fiji Sun Business Supplements	March 2016
First Quarter SPSE Market Wrap-Up	Business Melanesia Magazine	April 2016
SPSE Listed Company Review- Questions & Answers with Pleass Global Limited (PBP) and Paradise Beverages (Fiji) Limited (PBF)	Business Melanesia Magazine	May 2016
2016 SPSE Annual Report Competition Background and Invitation	Business Melanesia Magazine	June 2016
2016 Half Year Review –What was and what is to be expected over the remaining year	Fiji Times and Fiji Sun Business Supplements	July 2016
SPSE Listed Company Insight – Paradise Beverages (Fiji) Limited (PBF)	Fiji Times and Fiji Sun Business Supplements	July 2016
SPSE Listed Company Insight – Amalgamated Telecom Holdings Limited (ATH)	Fiji Times and Fiji Sun Business Supplements	September 2016
SPSE Listed Company Insight – RB Patel Group Limited (RBG)	Fiji Times and Fiji Sun Business Supplements	October 2016
Shareholder Rights and Recourse Mechanisms	Fiji Times and Fiji Sun Business Supplements	November 2016

* In addition to the above Publications, the Exchange also publishes Weekly Stock Market Summaries and Monthly Stock Market Trading Reports for the benefit of existing and potential investors.

LISTED COMPANY RESEARCH REPORTS

Listed Company	VB Holdings Limited (VBH)
Date of Release	6 th September 2016
Compiled By	FijiStock Brokers Limited (FSB)
Content	<ul style="list-style-type: none"> Company background and key personnel; Historical and forecast financial data; Market data and key recent developments; Stockbroker recommendation and valuation

MEMORANDUM OF UNDERSTANDING (MoU) BETWEEN SPSE & ITAUKEI LAND TRUST BOARD (TLTB)

Date of Signing	29 th August 2016
Purpose of MoU	Enhance the level of awareness and participation of land owning units in Fiji's stock market either through investment or capital-raising.

Listing Campaign

The Exchange's innovative thrust continued so as far as to market itself as a capital raising platform for businesses. With a backdrop of a successful Listing Forum in 2015, the Exchange in partnership with the Fijian Government once again staged a National Listing Forum on 22nd September, 2016 with the theme "Going Public – Unlocking the value of your Company".

The focus during this forum was on ensuring that those businesses who have attended previous forums and have held individual meetings with the Exchange and Investment Advisors to obtain clarifications to their queries and advance their interests of going Public into an actual Listing on the SPSE.



Key highlights of the Listing Forum are presented below.

Key Objectives	<ul style="list-style-type: none"> • Understanding key reasons for listing your company on the South Pacific Stock Exchange (SPSE): <ul style="list-style-type: none"> ✓ To Raise/Access Long Term Finance; ✓ To Strengthen Corporate Discipline; ✓ Exit Strategy, etc.; and • Public listing requirements, processes and tax incentives.
Forum Topics	<ul style="list-style-type: none"> • Going Public- Rationale, Challenges and Realities; • To List or Not to List – What was the Motivation?; • Clarifying the Application of selected Tax Incentives for Listed Companies; • Understanding the Regulatory Approval Requirements; • Cornerstone Investors – What are their Investment Criteria?; and • Preparing your Company to Go Public – Key lessons learnt from VIL.
Speakers	<ul style="list-style-type: none"> • Chief Executive Officer of SPSE Ms Latileta Qoro; • Chief Executive Officer of Vision Investments Limited Mr PL Munasinghe; • Group Chief Executive Officer of Fijian Holdings Limited Mr Nouzab Fareed; • Managing Director of FMF Foods Group of Companies Mr Ram Bajekal (Video Presentation); • National Manager Policy of FRCA Mr David Balenacagi; • Manager Financial Institutions Unit 3 (Capital Markets) Ms Ragni Singh • Senior Country Officer of International Finance Corporation (IFC) Mr Deva De Silva; • Licensed Investment Advisor and Partner of BDO (Fiji) Corporate Finance Limited Mr Pradeep Patel;
Total number of registered participants	71
Major Industries represented	<ul style="list-style-type: none"> • State Owned Enterprises • Manufacturing and Retailing • Banking and Finance • Provinces • Property and Insurance • Electricity and Energy

Cloud Based Registry Software (ShareSoft) & Online Shareholder Portal

Following months of careful planning, development, parallel run and selected user-testing, CSRL launched its cloud based registry software (ShareSoft) and online shareholder portal for public use in November 2016. The software and shareholder portal were developed in entirety by the local firm, Software Factory Limited (SFL) with the guidance of CSRL staff.

Whilst ShareSoft provides numerous benefits to CSRL through automation of what used to be manually cumbersome business processes, it also provides investors with a number of key benefits. The online shareholder portal removes geographical and time-difference barriers by now allowing investors to:

- ✕ View their investment statements from anywhere in the world with internet access and at any time and those statements are updated with daily price movements to provide accurate valuation;
- ✕ View dividend payments that have been made to them as well as all unclaimed dividends owed to them; and
- ✕ Request for change of residential and postal addresses as well as dividend payment modes if required.



Stockbrokers can also now view and confirm from anywhere with internet access and at any time, information such as shareholder contact details and shareholding balance for any investor wishing to trade. This used to be a cumbersome exercise that involved extended time lag, countless emails and telephone calls between stock brokers and CSRL.

The launch of ShareSoft is also part of the Exchange's contribution towards the Government of Fiji's national agenda of enhancing the ease and lowering the cost of doing business in Fiji for investors through the adoption of locally developed information technology platforms.

Rule Amendments

The SPSE strives to promote an efficient and a fair securities exchange by ensuring that industry players are in conformity with the applicable laws while at the same time ensuring that its functions and business processes remain progressive and promote a culture of ease of doing business. With the backdrop of the above, the Exchange's developments on the legal front during 2016 is described below:

Regulatory Document	Changes Implemented
Independent Directors Guidance Note	<ul style="list-style-type: none"> As per SPSE Listing Rules Section 6.35, the board composition of all listed companies must comprise of at least one third independent directors; however, the rules do not have a procedure which can be followed when the SPSE decides the independence of directors. As such a practical guideline has been implemented and needs to be followed by listed companies and SPSE when dealing with the issue of independent directors to ensure the protection of the market as a whole.
SPSE Business Rules and SPSE Listing Rules	<ul style="list-style-type: none"> One of the SPSE's Strategic Plan goals is to allow electronic funds transfer for the settlement of trades between stockbrokers so as to enhance the competitiveness of Fiji's stock market from both the domestic and international investor perspective. To accommodate this transition, relevant changes have been implemented in the SPSE Business Rules and the SPSE Listing Rules.

Education & Training for Market Players

The competence of industry stakeholders is critical in gaining and maintaining a competitive advantage for the overall success of the industry. The Exchange values this and as such assumed the role of facilitating relevant trainings for the listed company officials and the stockbrokers.

Topics covered with necessary details are tabulated below:

Topics Covered	Attendees	Date	Facilitator
Prohibition of Insider Trading policy	Listed Company Compliance Personnel	13th May 2016	Ms Krishika Narayan – SPSE Manager Legal & Compliance
<ul style="list-style-type: none"> Becoming a successful and professional Stockbroker; Introduction to Valuation; Financial Ratios calculation and interpretation 	Stockbrokers	16th and 20th June 2016	Professor Erik Larson – Macalaster College in Minnesota, United States of America
Directors Responsibilities under the Companies Act 2015	Listed Company Directors	17 th and 24 th August	Ms Wati Seeto – Manager Legal, Reserve Bank of Fiji
Roles, Responsibilities and Duties of Company Secretaries under 2015 Companies Act	Listed Company Secretaries	1st December 2016	Mr Krishn Shah – Consultant

Market Supervision

Being the frontline regulator of the market, the Exchange continued its supervisory role during the year in order to focus on maintaining an orderly market, safeguarding the integrity of the market and ensuring adequate protection for the investors.

The following table provides the market supervision highlights for 2016.

Number of Market Surveillance enquiries lodged with licensed stockbroking firms	Four (4) market surveillance enquiries were lodged with licensed stockbroking firms in 2016. Two (2) issues related to a potential Insider Trading case, however, following SPSE's surveillance it was concluded that the transactions contained no discrepancies and were executed at arm's length and on the basis of public information. Two (2) surveillance enquiries also surfaced consequent to share price movements of greater than 10% and post surveillance were concluded as being executed appropriately.
Number of trading halts/suspensions	Two (2) voluntary suspensions in trading were placed; one (1) by Fijian Holdings Limited (FHL) and one (1) by Pleass Global Limited (PBP). There was also 1 trading halt placed by SPSE for Future Forests (Fiji) Limited.
Number of companies fined for non-compliance with SPSE Listing Rules	Three (3) companies (Future Forests (Fiji) Limited, Toyota Tsusho (South Sea) Limited and BSP Convertible Notes Limited) were fined for non-compliance with SPSE Listing Rules for reasons of; delay in submission of financial statements, delay in submission of Prohibition of Insider Trading Policy and delay in announcing the notice of Annual General Meeting.
Number of brokers fined for non-compliance with SPSE Business Rules	Nil

Annual Report Competition

In an effort to continue promoting and rewarding quality reporting by organisations, the Exchange successfully held its 2016 Annual Report Competition Awards. Transparency and accountability are fundamental Corporate Governance Principles that the SPSE passionately upholds and continues to promote.

An overview of this year's competition is summarised below:

Number of Participants	30
Independent Judges	<ul style="list-style-type: none"> • Ms Renu Chand (Partner, KPMG) – Chairperson; • Mr Sunil Sharma (Partner, AliZ Pacific); • Mr Vaughan Tuinamuana (Manager Assurance/Advisory, Ernst & Young); • Mr Mosese Kanisewe (Manager Audit /Assurance – Office of Auditor General) • Ms Wati Seeto (Manager Legal, Reserve Bank of Fiji) • Dr Nacanieli Rika (Senior Lecturer, The University of the South Pacific)
Awards Venue	Paradiso Ristorante
Awards Date	22 nd November, 2016

WINNERS

Category A: Statutory Authorities, Government Bodies and Unlisted Trust (9 participants)

- Winner: Fiji National Provident Fund
- First Runner Up: Reserve Bank of Fiji
- Second Runner Up: Fiji Ports Corporation Limited and South Pacific Stock Exchange Limited

Category B: Co-operatives, Non-Profit & Charitable Organisations (4 participants)

- Winner: The University of the South Pacific
- First Runner Up: Fiji Red Cross Society
- Second Runner Up: Fiji National Sports Commission

Category C: Other Public Companies and Unit Trusts (5 participants)

- Winner: Fiji Development Bank
- First Runner Up: Fijian Holdings Unit Trust
- Second Runner Up: Merchant Finance & Investment Company Limited.

Category D: Listed Companies (12 participants)

- Winner: Fijian Holdings Limited
- Second Runner Up: Amalgamated Telecom Holdings Limited
- Third Runner Up: Fiji Television Limited and Bank South Pacific Limited

Special Awards

- Most Active Stockbroker: Kontiki Stockbroking Limited
- Most Progressive Investment Advisor: BDO Corporate Finance (Fiji) Limited
- Extra Mile Award (Outstanding Regulatory Compliance): Vision Investments Limited

South Pacific Stock Exchange Limited & Subsidiary
Financial Statements
For the year ended 31st December 2016



DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of South Pacific Stock Exchange Limited (the company) and of the group as at 31 December 2016, the related statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and report as follows:

Directors

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

Dr Nur Bano Ali – Chairperson	Mr Steven Pritchard
Mr Bhupendra Solanki	Mr Josua Satavu
Dr Roland Schultz	Mr Nouzab Fareed
Mr Griffon Emose	Mr Saiyad Hussain

Principal Activities

The principal activities of the company and the subsidiary company during the year were that of provision of stock exchange and share registry services to listed companies.

There were no significant changes in the nature of these activities during the financial year.

Results

The profit after income tax of the company for the year was \$136,449 (2015: \$35,139).

The consolidated profit after income tax attributable to the members of the company for the financial year was \$141,206 (2015: \$25,008).

Dividends

The directors recommend that no amounts be paid by way of dividend during the year.

Bad and Doubtful Debts

Prior to the completion of the financial statements of the company and the group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for doubtful debts. In the opinion of the directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the company and the group, inadequate to any substantial extent.

DIRECTORS' REPORT (cont'd)

Current and Non-Current Assets

Prior to the completion of the financial statements of the company and the group, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company and the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the company's and the group's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the company and the group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the company and the group in the current financial year.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect 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 future financial years.

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the company and the group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company and the group could become liable; and
- (iii) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company or the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's and the group's financial statements which would make adherence to the existing method of valuation of assets or liabilities of the company and the group misleading or inappropriate.

Directors' Benefits

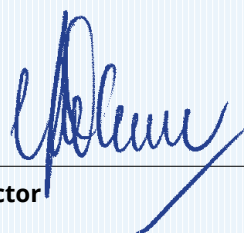
Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company and the group or of a related corporation) by reason of a contract made by the company and the group or by a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 20 day of March 2017.



Director



Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of South Pacific Stock Exchange Limited, we state that in the opinion of the directors:

- (i) the accompanying statements of comprehensive income of the company and of the group are drawn up so as to give a true and fair view of the results of the company and of the group for the year ended 31 December 2016;
- (ii) the accompanying statements of changes in equity of the company and of the group are drawn up so as to give a true and fair view of the changes in equity of the company and of the group for the year ended 31 December 2016;
- (iii) the accompanying statements of financial position of the company and of the group are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2016;
- (iv) the accompanying statements of cash flows of the company and of the group are drawn up so as to give a true and fair view of the cash flows of the company and of the group for the year ended 31 December 2016;
- (v) the financial statements have been prepared in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 2015;
- (vi) at the date of this statement, there are reasonable grounds to believe that the company and the group will be able to pay their debts as and when they fall due; and
- (vii) all related party transactions have been adequately recorded in the books of the company and the group.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 20 day of March 2017.



Director



Director



Tel: +679 331 4300
 Fax: +679 330 1841
 Email: info@bdo.com.fj
 Offices in Suva and Lautoka

BDO
 Chartered Accountants
 Level 10, FNPF Place
 343 Victoria Parade
 GPO Box 855
 Suva, Fiji

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Pacific Stock Exchange Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of South Pacific Stock Exchange Limited (the company) and of the group, which comprise the statements of financial position as at 31 December 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company and of the group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company and of the group in accordance with the International Ethics Standards board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act, 2015 and for such internal control as the management and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and directors are responsible for assessing the company's and group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the company and the group to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the company's and group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and group's internal control.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Pacific Stock Exchange Limited

Auditor's Responsibilities for the Audit of the Financial Statements continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's and group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company and the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the group to express an opinion on the groups financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the company and the group has kept financial records sufficient to enable the financial statements to be prepared and audited.



BDO
CHARTERED ACCOUNTANTS



NALIN PATEL

SUVA, FIJI
20 MARCH 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Revenue	2.1	538,047	485,042	477,454	429,909
Other income	2.2	329,379	259,479	325,302	271,888
Total revenue		867,426	744,521	802,756	701,797
Depreciation and amortisation		(28,915)	(24,307)	(17,004)	(24,307)
Staff and employee benefits	2.3	(309,822)	(326,773)	(309,822)	(326,773)
Operating expenses	2.4	(350,268)	(356,356)	(303,484)	(303,501)
Net profit before income tax		178,421	37,085	172,446	47,216
Income tax expense	3.1	(37,215)	(12,077)	(35,997)	(12,077)
Net profit after income tax		141,206	25,008	136,449	35,139
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		141,206	25,008	136,449	35,139

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Accumulated Profits					
Balance at the beginning of the year		523,121	498,113	527,704	492,565
Net profit after tax		141,206	25,008	136,449	35,139
Balance at the end of the year		664,327	523,121	664,153	527,704
Share capital					
Balance at the beginning of the year		120,000	120,000	120,000	120,000
Balance at the end of the year	15	120,000	120,000	120,000	120,000
Total shareholders' equity		784,327	643,121	784,153	647,704

The accompanying notes form an integral part of this Statement of Changes in Equity.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Current assets					
Cash at bank	4	150,327	314,335	100,670	307,515
Cash in dividend trust account	5	792,995	383,776	-	-
Trade and other receivables	6.1	17,024	110,477	24,649	97,311
Held to maturity investments	7	305,296	125,202	305,296	125,202
Advance tax	3.3	-	5,797	-	1,848
Prepayments		61,039	89,491	60,452	89,292
Total current assets		1,326,681	1,029,078	491,067	621,168
Non-current assets					
Available for sale financial assets	8	165,000	-	165,000	-
Investment in subsidiary	9	-	-	50,000	50,000
Plant and equipment	10	34,053	27,993	31,457	25,043
Intangibles (ShareSoft)	11	149,873	143,325	-	-
Trade and other receivables	6.2	-	-	142,734	101,274
Deferred tax asset	3.2	1,901	1,901	1,901	1,901
Total non-current assets		350,827	173,219	391,092	178,218
Total assets		1,677,508	1,202,297	882,159	799,386
Current liabilities					
Trade and other payables	12	38,371	156,314	36,868	133,237
Deferred income	14	32,718	13,019	29,927	13,019
Trust funds for dividend payable		793,635	384,417	-	-
Current Tax liability	3.3	18,080	-	20,834	-
Employee benefit liability	13	10,377	5,426	10,377	5,426
Total current liabilities		893,181	559,176	98,006	151,682
Total liabilities		893,181	559,176	98,006	151,682
Net assets		784,327	643,121	784,153	647,704
Shareholders' funds					
Share capital	15	120,000	120,000	120,000	120,000
Accumulated Profits		664,327	523,121	664,153	527,704
Total shareholders' equity		784,327	643,121	784,153	647,704

The accompanying notes form an integral part of this Statement of Financial Position.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the directors.



Director



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Operating activities					
Receipts from customers		631,500	388,945	591,211	376,708
Government grant		336,889	250,000	303,135	230,000
		968,389	638,945	894,346	606,708
Payments to suppliers and employees		(744,630)	(564,909)	(678,926)	(533,014)
1% Transitional tax on Undistributed Profits		(678)	-	(655)	-
Income tax paid		(12,660)	(24,678)	(12,660)	(24,678)
Net cash flows provided by Operating Activities		210,421	49,358	202,105	49,016
Investing activities					
Acquisition of plant and equipment		(23,419)	(100,300)	(23,419)	(1,800)
Acquisition of Intangible asset		(18,105)	-	-	-
Investment in term deposits		(180,094)	310,000	(180,094)	310,000
Proceeds from sale of fixed asset		90	-	90	-
Payments for available for sale - financial assets		(165,000)	-	(165,000)	-
Interest received		12,099	8,807	12,099	8,807
Net cash flows provided by/(used in) Investing Activities		(374,429)	218,507	(356,324)	317,007
Financing Activities					
Shareholder Advance		-	-	(52,626)	(99,182)
Net cash flows used in Financing Activities		-	-	(52,626)	(99,182)
Net increase / (decrease) in cash and cash equivalent		(164,008)	267,865	(206,845)	266,841
Cash and cash equivalents at 1 January		314,335	46,470	307,515	40,674
Cash and cash equivalents at 31 December	4	150,327	314,335	100,670	307,515

The accompanying notes form an integral part of this Statements of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information

The South Pacific Stock Exchange Limited is a limited liability company incorporated and domiciled in Fiji. The group owners have the power to amend the financial statements, if applicable. The financial statements of South Pacific Stock Exchange Limited and subsidiary company for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 20 March 2017.

The principal activities of the Group are described in Note 22 of the financial statements.

1.1 Basis of preparation

The group's financial statements have been prepared on a historical cost basis and do not take into account changing money values or current valuations of non-current assets unless otherwise stated. The group financial statements are presented in Fiji dollars.

Statement of compliance

The financial statements of the company and the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Fiji Institute of Accountants with the requirements of the Companies Act, 2015.

Basis of consolidation

The group financial statements comprise the financial statements of the company and its subsidiary company, Central Share Registry Limited as at 31 December of each year.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary company is prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1.2 Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the group's financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information continued

1.3 Summary of significant accounting policies

A summary of the significant accounting policies adopted by the Group is set out in this note.

(a) Financial assets

Financial assets of the group within the scope of IAS 39 are classified as loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date. These are classified as non-current assets. The group's receivables comprise 'trade and other receivables' as disclosed in the statements of financial position (note 6).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group's short term deposits with financial institutions are classified as held-to-maturity investments.

Available-for-sale financial assets

Investment in Unit Trust of Fiji is classified as available for sale financial assets. This is carried at costs. Dividends on available for sale financial assets are recognised in the statement of comprehensive income as part of income when the group's right to receive payments is established.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(c) Trade and other receivables

Trade receivables are recognised at original invoice amount less any provision for uncollectible debts. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income. Bad debts are written off during the year in which they become known.

(d) Trust Funds

Liabilities in respect of trust funds are recorded in the statement of financial position and related funds are maintained in a separate bank account which is recorded as an asset "Cash in dividend trust account".

(e) Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred. Plant and equipment are stated at deemed cost less accumulated depreciation and any impairment in value. The principal depreciation rates in use are:

Furniture and fittings	10% - 24%
Equipment	10% - 24%
Motor vehicles	20% - 33%
Computers	33.33%

Profit and loss on disposal of plant and equipment are taken into account in determining profit or loss for the year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information continued

1.3 Summary of significant accounting policies

(f) Trade and other payables

Trade accounts payables and other payables are recognized when the group becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Where the group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(h) Foreign currency translations

The group financial statements are presented in Fiji dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(i) Employee benefits

This provision for annual leave is made in respect of all employees and is calculated on the basis of pro-rata entitlements based on current salary and wage levels.

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which expenditure is incurred.

(k) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the companies operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- » When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- » In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information continued

1.3 Summary of significant accounting policies continued

(k) Taxes continued

Deferred tax continued

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

(a) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of VAT.

"The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as part of operating cash flows.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

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.

(ii) Government grant

Government grant income relating to operating costs and specific projects is recognised in the year in which these expenses have been incurred.

(iii) Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(m) Comparatives

Where necessary, amounts relating to prior year have been reclassified and restated to conform with presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information continued

1.4 Changes in accounting policies

Amendments to standards and annual improvements effective from 1 January 2016.

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 January 2016. However none have a material effect on the group's financial statements.

New standards, amendments, annual improvements and interpretations that have been issued but are not mandatorily effective as at 31 December 2016

Certain new standards, amendments, annual improvements and interpretations which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements. The group intends to adopt these standards, amendments, annual improvements and interpretations, if applicable, when they become effective.

- 1 IFRS 9: Financial Instruments
- 2 IFRS 15: Revenue from Contracts with Customers
- 3 IFRS 16: Leases

2. OPERATING PROFIT

2.1 Revenue

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Annual listing fees	157,182	140,685	157,182	140,685
Distribution fees	22,921	21,292	-	-
Registry maintenance fees	37,172	33,236	-	-
Listing Application Fees	4,470	13,660	4,470	13,660
Membership fees	15,000	15,000	15,000	15,000
Private transfer fees	700	1,300	700	1,300
Subsequent Listing	6,000	2,000	6,000	2,000
SPSE facility fee	287,352	255,264	287,352	255,264
Fines/Penalties	6,750	2,000	6,750	2,000
Entry Fees	500	605	-	-
	538,047	485,042	477,454	429,909

2.2 Other income

Annual government grant	317,190	247,391	286,227	230,000
Release of deferred grant	-	3,255	-	3,255
Management fees	-	-	26,885	29,808
Interest earned	12,099	8,807	12,099	8,807
Miscellaneous income	90	26	90	18
	329,379	259,479	325,302	271,888

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

2. OPERATING PROFIT continued

2.3 Staff and employee benefits

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Directors remuneration	27,675	44,340	27,675	44,340
Salary and wages	223,108	224,652	223,108	224,652
FNPF contribution	22,102	22,999	22,102	22,999
FNU contribution	2,457	2,719	2,457	2,719
Insurance	11,840	11,862	11,840	11,862
Training and development	19,697	15,176	19,697	15,176
Travelling expenses	2,943	2,651	2,943	2,651
Other employee costs	-	2,374	-	2,374
	309,822	326,773	309,822	326,773

2.4 Operating expenses

Auditor's remuneration - audit services	9,600	8,100	6,600	5,500
Auditor's remuneration - other services	2,747	2,473	1,521	1,805
Annual report competition	5,182	5,000	5,182	5,000
Data Backup	9,384	12,380	6,777	8,380
Electricity	7,508	6,216	5,147	4,332
Insurance	2,937	3,010	2,458	2,519
Investor education program	50,404	46,560	50,404	46,560
Marketing and branding	2,233	9,660	2,233	1,982
RBF licence	7,526	6,500	7,526	6,500
Regional expansion	9,139	2,069	9,139	2,069
Rent	43,290	41,428	29,677	28,874
Repair and maintenance	3,057	6,669	3,011	3,469
Sub-licensing fee - NSX	120,420	148,113	120,420	148,113
Online Registry & ESS	4,523	-	-	-
Other operating expenses	72,318	58,178	53,389	38,398
	350,268	356,356	303,484	303,501

3. INCOME TAX

3.1 A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2016 and 2015 is as follows:

Accounting profit before income tax	178,421	37,085	172,446	47,216
Prima facie tax expense thereon at 20%	35,684	7,417	34,489	9,443
Tax losses not recognised	-	2,026	-	-
Tax effect of non-deductible expenses	853	2,634	853	2,634
1% transitional tax on undistributed profits	678	-	655	-
Income tax expense	37,215	12,077	35,997	12,077

3.2 Deferred tax asset

Provision for employees entitlement	2,075	1,085	2,075	1,085
Difference in the cost base of plant and equipment for tax and accounting purpose	(174)	816	(174)	816
Balance at the end of the year	1,901	1,901	1,901	1,901

3.3 Advance Tax/ (Current Tax Liability)

Movements during the year were as follows:

Balance at the beginning of the year	5,797	(5,106)	1,848	(9,055)
Income Tax paid	12,682	23,010	12,682	23,010
Withholding Tax Paid	633	1,669	633	1,669
Tax Liability for the current year	(37,192)	(13,776)	(35,997)	(13,776)
Balance at the end of the year	(18,080)	5,797	(20,834)	1,848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Cash at bank	150,077	314,085	100,420	307,265
Cash on hand	250	250	250	250
	150,327	314,335	100,670	307,515

5. CASH IN DIVIDEND TRUST ACCOUNT

	792,995	383,776	-	-
	792,995	383,776	-	-

The subsidiary company holds and pays dividends to shareholders of listed companies which are its customers. This amount is held in a separate bank account and has been disclosed separately in the statement of financial position as "Trust funds for dividend payable".

6. TRADE AND OTHER RECEIVABLES

6.1 Current

Owing by Central Share Registry Limited	-	-	14,208	-
Accrued revenue	6,581	95,215	6,581	95,215
VAT Receivable	4,598	11,572	-	-
Other receivables	5,845	3,690	3,859	2,096
	17,024	110,477	24,649	97,311

6.2 Non- Current

Owing by Central Share Registry Limited	-	-	142,734	101,274
	-	-	142,734	101,274

Amounts owing by Central Share Registry Exchange Limited is unsecured and interest free. Repayment of current balance is due within the next 12 months.

7. HELD-TO-MATURITY INVESTMENTS

Current

Term deposits	305,296	125,202	305,296	125,202
	305,296	125,202	305,296	125,202

Term deposits are placed at various financial institutions and earn interest at 3% to 4.25%. The deposits are typically held for 12 month term.

8. AVAILABLE FOR SALE - FINANCIAL ASSETS

Non- Current

Units in Trust of Fiji (Income Fund)	165,000	-	165,000	-
	165,000	-	165,000	-

9. INVESTMENT IN SUBSIDIARY

Investment in Central Share Registry Limited	-	-	50,000	50,000
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The company holds 100% shares in Central Share Registry Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

10. PLANT AND EQUIPMENT

Group	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
Cost:	\$	\$	\$	\$	\$
At 1 January 2016	57,000	33,687	45,364	171,796	307,847
Additions	-	14,165	1,357	7,897	23,419
Disposals	-	(1,772)	-	-	(1,772)
At 31 December 2016	57,000	46,080	46,721	179,693	329,494
Depreciation and impairment:					
At 1 January 2016	53,865	29,028	44,448	152,513	279,854
Depreciation for the year	3,135	1,092	496	12,636	17,359
Disposal	-	(1,772)	-	-	(1,772)
At 31 December 2016	57,000	28,348	44,944	165,149	295,441
Net written down value:					
At 31 December 2016	-	17,732	1,777	14,544	34,053
At 1 January 2016	3,135	4,659	916	19,283	27,993
Company					
Cost:					
At 1 January 2016	57,000	30,337	45,364	125,556	258,257
Additions	-	14,165	1,357	7,897	23,419
Disposals	-	(1,772)	-	-	(1,772)
At 31 December 2016	57,000	42,730	46,721	133,452	279,904
Depreciation and impairment:					
At 1 January 2016	53,865	28,628	44,448	106,273	233,214
Depreciation for the year	3,135	737	496	12,636	17,004
Disposals	-	(1,772)	-	-	(1,772)
At 31 December 2016	57,000	27,593	44,944	118,909	248,446
Net written down value:					
At 31 December 2016	-	15,137	1,777	14,543	31,457
At 1 January 2016	3,135	1,709	916	19,283	25,043

11. INTANGIBLE ASSETS

	Group	Company
Cost:	\$	\$
At 1 January 2016	391,835	248,510
Additions	18,105	-
At 31 December 2016	409,940	248,510
Accumulated amortisation		
At 1 January 2016	248,510	248,510
Amortisation charge for the year	11,557	-
At 31 December 2016	260,067	248,510
Net written down value:		
At 31 December 2016	149,873	-
At 1 January 2016	143,325	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Current				
Owings to Central Share Registry	-	-	3,042	-
Accrued expenditure	37,454	65,341	32,909	42,810
Sundry creditors	917	90,973	917	90,427
	38,371	156,314	36,868	133,237

13. EMPLOYEE BENEFIT LIABILITY

Annual leave entitlements

Balance at 1 January	5,426	1,391	5,426	1,391
Arising during the year	12,086	13,471	12,086	13,471
Utilised	(7,135)	(9,436)	(7,135)	(9,436)
Balance at 31 December	10,377	5,426	10,377	5,426

14. DEFERRED INCOME

Grant income

Balance at 1 January	13,019	16,274	13,019	16,274
Release to income statement	-	(3,255)	-	(3,255)
Unexpensed grant funds	19,699	-	16,908	-
Balance at 31 December	32,718	13,019	29,927	13,019

Deferred income comprised of Government grants yet to be utilised. Deferred grant will be released to statement of comprehensive income as the grant is utilised.

15. SHARE CAPITAL

Issued and Paid up Capital

8 ordinary shares	120,000	120,000	120,000	120,000
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16. CAPITAL COMMITMENTS

Approved but committed	3,544	16,802	3,544	-
Approved but uncommitted	20,000	-	20,000	-

17. OPERATING LEASE COMMITMENTS

Operating lease rentals in respect of rental of office premises and data backup are as follows:

Not later than one year	50,035	18,672	50,035	18,672
Later than one year but not later than five years	74,531	566	74,531	566
	124,566	19,238	124,566	19,238

18. RELATED PARTY TRANSACTIONS

18.1 Net owing by related companies

	2016 \$	2015 \$
Owing by Central Share Registry Limited	156,942	101,274
Owing to Central Share Registry Limited	3,042	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

18. RELATED PARTY TRANSACTIONS CONTINUED

18.2 Transactions with related parties

The transactions between the company and its subsidiary during the year were:

<i>Income</i>	2016	2015
Management fees	26,885	29,808
	<u>26,885</u>	<u>29,808</u>

During the financial year, the company had numerous transactions with its shareholders. The transactions involved lease of office and brokerage services. All transactions with related parties were conducted under commercial terms and conditions.

18.3 Shareholders

The company has eight shareholders who hold one share each.

18.4 Directors

Common directors of South Pacific Stock Exchange Limited and Central Share Registry Limited during the year were:

Dr Nur Bano Ali - Chairperson	Mr Steven Pritchard
Mr Bhupendra Solanki	Mr Josua Satavu
Dr Roland Schultz	Mr Nouzab Fareed
Mr Griffon Emose	Mr Saiyad Hussain

Directors' fees and allowance (Group)	27,675	44,340
	<u>27,675</u>	<u>44,340</u>

18.5 Key Management Personnel Remuneration

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company and its subsidiary directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year, Chief Executive Officer, Manager Legal and Compliance and Manager Operations (2015 : Chief Executive Officer, Manager Legal and Compliance and Manager Operations) were identified as key management personnel.

Compensation paid to key management personnel during the year ended 31 December 2016 and 2015 was:

Salaries and other short term employee's benefits	164,803	175,774
	<u>164,803</u>	<u>175,774</u>

19. FINANCIAL RISK MANAGEMENT - GROUP

19.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of the financial markets and seeks to recognize potential adverse effects on the group's financial performance.

(a) Market risk

Market risk is the exposure to adverse changes in the value of the group's trading portfolios as a result of changes in market prices or volatility or the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The group does not have any interest-bearing borrowings and hence there is no interest rate risk.

The group has significant interest-bearing assets in the form of short-term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For reinvestment of short and long term cash deposits, the group negotiates an appropriate interest rate with financial institutions and invests with the financial institution which offers the highest interest fixed rate of return.

Given the fixed nature of interest rates described above, the group has a high level of certainty over the impact on cash flows arising from interest income. Accordingly the group does not require simulations to be performed over impact on net profits arising from changes in interest rates.

(b) Credit Risk

Credit risk is the risk of financial loss as a result of failure by a customer or counterparty to meet its contractual obligations.

The group's credit risk arises from:

- » Short term deposits with banks.
- » Credit exposures to customers, including receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

19. FINANCIAL RISK MANAGEMENT - GROUP CONTINUED

19.1 Financial risk factors continued

(b) Credit Risk continued

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Short term deposits are made only with reputable financial institutions which are regulated by Reserve Bank of Fiji with known sound financial standing.

(c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its obligations as they fall due, which could arise due to mismatches in cash flows or risk that group will encounter difficulty in meeting obligations associated with financial liabilities.

The group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

All of the company's financial liabilities, i.e trade and other payables and provisions at balance date are expected to be settled within the next 12 months.

(d) Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the group is able to manage risks. Controls include effective segregation of duties, access, recognized on and reconciliation procedures, staff education and assessment procedures.

(e) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies established. Specifically, the commercial activities of the group is closely monitored by Reserve Bank of Fiji.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

19.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt.

20. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect 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 future financial years.

21. COMPANY DETAILS

Company Incorporation

The company is a private company, incorporated and domiciled in Fiji.

Number of employees at the end of the year: 6 (2015: 6).

Registered office

The company's registered office is located at Level 2, Provident Plaza One, Ellery Street, Suva.

22. PRINCIPAL ACTIVITY

The principal activities of the company and the subsidiary during the financial year were the provision of stock exchange and share registry services. There were no significant changes in the nature of these activities during the year.




23. BROKER GUARANTEES

The company holds certificates of term deposits amounting to \$60,000 on behalf of brokers pursuant to certain business rules in order to protect the interests of the broker's clients. The company has no beneficial interest in these funds and, accordingly, such funds are not recorded in the statements of financial position.

GLOSSARY

- ✕ **Capital Gain** – refers to an increase in the value of your investment that gives it a higher worth than the purchase price. However, the gain is not realized until the investment is liquidated.
- ✕ **Capital Loss** – refers to a decrease in the value of your investment that gives it a lower worth than the purchase price. However, the gain is not realized until the investment is liquidated.
- ✕ **Dividend Reinvestment Plan** – is a plan offered by a listed company that allows an investor to reinvest their cash dividends by purchasing additional shares in the same company.
- ✕ **Dividend Yield** – is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is calculated by dividing the dollar value of dividends per share by the share price of the company.
- ✕ **Earning per Shares (EPS)** - is a market prospect ratio that determines the fraction of a company's net income available for payment to its shareholders. A company with a high EPS ratio is capable of generating a significant dividend for its investors or it may plough the funds back into its business for more growth; in either case, a high ratio indicates a potentially worthwhile investment, depending on the market price of the security. EPS ratio is computed with the net profit after tax divided by the total issued shares.
- ✕ **Earnings Yield** – is calculated by dividing the EPS with the company's market price. The earnings yield indicates the rate of profit a company generates relative to its share price. For example, a company with a PE ratio of 15 has an earnings yield of 6.67%.
- ✕ **Equal Weighted Index** - is a market index that captures the impact of smaller stocks symmetric to the movements in larger capitalisation companies. An equal weighted index eliminates the market capitalisation weighting and instead measures the general performance of the market by weighing them equally.
- ✕ **Market Capitalisation** – is the total value of the issued shares of a publicly traded company. It is equal to the share price multiplied by the number of shares outstanding.
- ✕ **Market Indices** - represent a historical perspective of stock market performance, giving investors further insight into their investment decisions.
- ✕ **Private Transfers** - enables changes in registered share ownership when the ownership does not change through a market transaction. Moreover, these transfers can only be processed upon the approval from SPSE and the Reserve Bank of Fiji (RBF). These transfers are referred to as off-market transfers.
- ✕ **Price Earnings Ratio (PE)** - is a valuation ratio of a company's current share price compared to its per share earnings and reveals the multiple of earnings that the investors are willing to pay to own a company's stock. By comparing price and EPS for a company, an investor can analyse the market's stock valuation of a company and its shares relative to the income the company is actually generating. Stocks with higher or more certain forecast earnings growth will usually have higher PE ratio while those expected to have lower or riskier earnings growth will usually have a lower PE ratio. Effectively, the PE ratio shows how much time, in years, it will take for your share purchase to be covered by earnings. PE ratio is computed by dividing the current share price of a company by its EPS.
- ✕ **Shareholder Portal** – is secure online platform that allows shareholders to create their profile using their distinct Shareholder Identification Number (SIN) in order to obtain a quick and easy access to up-to-date shareholding information about their investments.
- ✕ **ShareSoft** – a web based software used by the Central Share Registry Limited (CSRL) to manage securities, investors and shares traded on the SPSE.
- ✕ **Special Crossing Transactions** – these are bilateral deals on the sale and purchase of larger quantities of shares in a security which are one-off transactions and non-commercial in nature. These transactions are also referred to as Negotiated Deals.
- ✕ **SPSE Total Return Index (STRI)** - is used as a barometer of SPSE's share market which records changes in share prices as well as changes in dividend and interest returns for individual securities. STRI is a market capitalisation weighted index, meaning that stocks with larger market values have a greater weighting in and larger influence on the index. This overweighing indicates that slight movements in share prices of heavyweight companies' results in a higher movement in the aggregate index value, disregarding the strength of the smaller stocks included in the index.
- ✕ **Stockbrokers** - are professionals licensed by the Reserve Bank of Fiji (RBF) and provide a vital link between investors and the stock market as well as play an important role in converting investor interests into actual investments. An investor who wishes to buy and sell securities listed on the SPSE needs to contact a licensed stockbroker.
- ✕ **Unexecuted Orders** – refers to the buy and sell order parcels that have not been matched/traded on the trading platform.

Licensed Stockbrokers

Name	Address/Contact	Licensed Stockbroker Representatives	Services Provided
FHL Stockbrokers Limited 	Ground Floor, Ra Marama, 91 Gordon Street, Suva, Fiji PO Box 2110, Government Buildings Suva, Fiji Phone: (679) 3307 025 , Fax: (679) 3317 153 Email: fhls@fijianholdings.com.fj Web: www.fhlstockbrokers.com.fj	1) Ms Joana Saqalagilagi 2) Ms Elenoa Vuniwa 3) Mr Simone Vitiarai	<ul style="list-style-type: none"> Stockbroking for companies listed on SPSE Overseas Trading Facility Over the Counter trading for unlisted stocks Dealing in Bonds issued in Fiji for individuals & institutions Comprehensive financial planning Investment advisory services for investors
FijiStock Brokers Limited 	Level 2, Provident Plaza 1, 33 Ellery Street, Suva, Fiji PO Box 16355, Suva, Fiji Phone: (679) 3304 675, Fax: (679) 3304 679 Email: mail@fijistockbrokers.com.fj Web: www.fijistockbrokers.com.fj	1) Mr Esrom Immanu'el 2) Ms Shireen Devi 3) Ms Elenoa Qalotaki 4) Mr Steven Pritchard 5) Mr Brett Hall 6) Mr Enzo Pirillo	<ul style="list-style-type: none"> Stockbroking for companies listed on SPSE Bond broking for individual and institutions on bonds issued in Fiji Overseas Trading Facility – on any shares listed on any recognized overseas Stock Exchange Corporate finance and advisory services Expatriate investment advisory services
Kontiki Stockbroking Limited 	Level 2, Provident Plaza 1, 33 Ellery Street, Suva, Fiji PO Box 17904, Suva, Fiji Phone: (679) 3307 284, Fax: (679) 3307 241 Email: broking@kontiki.com.fj Web: www.kontikicapital.com	1) Ms Raghni Khatri 2) Mr Jack Lowenstein 3) Mr David Oliver	<ul style="list-style-type: none"> Stockbroking services – on listed and unlisted equity securities in Fiji Debt securities trading for individual and institutions in Fiji Overseas Trading Facility Over the counter trades Customised dealing execution and selected market making Research Reports, Kontiki Weekly & First to market Underwriting

Licensed Investment Advisors

1) FHL STOCKBROKERS LTD Ground Floor, Ra Marama, 91 Gordon Street, Suva, Fiji PO Box 2110, Government Buildings, Suva, Fiji Phone: (679) 3307 025, Fax: (679) 3317 153 Email: fhls@fijianholdings.com.fj Web: www.fhlstockbrokers.com.fj Licensed Investment Advisor Representatives 1) Mr Nouzab Fareed 2) Ms Priscilla Greig	4) BDO CORPORATE FINANCE (FIJI) LTD BDO, Level 10 FNNP Place, Victoria Parade, Suva, Fiji GPO Box 855, Suva, Fiji Phone: (679) 3314 768, Fax: (679) 3301 841 E-mail: npatel@bdo.com.fj, ppatel@bdo.com.fj Licensed Investment Advisor Representatives 1) Mr Nalin Patel 2) Mr Pradeep Patel	8) MR DEVEN MAGAN 53 Augustus Street, Toorak, Suva, PO Box 238, Suva, Fiji Phone: (679) 9995 822, Fax: (679) 3308 773 Email: devenmagan@gmail.com
2) FIJISTOCK BROKERS LTD Level 2, Provident Plaza 1, 33 Ellery Street, Suva, Fiji PO Box 16355, Suva, Fiji Phone: (679) 3304 675, Fax: (679) 3304 679 Email: mail@fijistockbrokers.com.fj Web: www.fijistockbrokers.com.fj Licensed Investment Advisor Representatives 1) Mr Esrom Immanu'el 2) Mr Steven Pritchard 3) Mr Brett Hall 4) Mr Enzo Pirillo	5) KPMG FINANCIAL ADVISORY SERVICES (FIJI) LTD KPMG, Level 10, Suva Central Bldg, Renwick Road, Suva, Fiji PO Box 32, Suva, Fiji Phone: (679) 3301 155, Fax: (679) 3301 312 Licensed Investment Advisor Representatives 1) Ms Lisa Apted 2) Mr Michael Yee Joy 3) Mr Steven Nutley	9) MR NAPOLIONI BATIMALA 228 Stoddart Street, Mu'anikau, PO Box 14213, Suva, Fiji Phone: (679) 9999 412 E-mail: napolionib@mfl.com.fj
3) KONTIKI CAPITAL LTD Level 2, Provident Plaza 1, 33 Ellery Street, Suva, Fiji PO Box 17904, Suva, Fiji Phone: (679) 3307 284 Fax: (679) 3307 241 Email: infodesk@kontiki.com.fj Web: www.kontikicapital.com Licensed Investment Advisor Representatives 1) Mr Griffon Emose 2) Mr David Oliver 3) Mr Jack Lowenstein 4) Mr Jignesh Pala	6) PACIFIC LEGAL NETWORK (PLN) ADVISORY PTY LTD <i>Fiji</i> Level 1, East Wing, PO Box GC 36, Garden City Business Park, Raiwai, Suva, Fiji <i>Australia</i> Level 11, 65 York Street, Sydney, NSW 2000 Phone: (Aust): +61 466 811 562, (Fiji): (679) 3100 071 / 7777 744 E-mail: j.ridgway@pln.com.au, j.prasad@plnadvisory.com Licensed Investment Advisor Representatives 1) Mr John Ridgway 2) Ms Jinita Prasad	10) MR PRAFUL PATEL 101 Vitogo Parade, Lautoka, PO Box 170, Lautoka, Fiji Phone: (679) 6650 806 E-mail: prafulpatel@connect.com.fj
	7) PRICEWATERHOUSECOOPERS CORPORATE FINANCE LTD 8th Floor Civic Tower, Victoria Parade, Suva, Fiji PO Box 200, Suva, Fiji Phone: (679) 3313 955/3315 199, Fax: (679) 3300 981/3300 947 Licensed Investment Advisor Representatives 1) Mr Jerome Kado 2) Ms Jenny Seeto 3) Mr Nitin Ghandhi 4) Mr Kaushick Chandra 5) Mr Chirk Yam	11) MR RICK CROKER c/- FijiStock Brokers Ltd, Level 2, Provident Plaza 1, 33 Ellery Street, Suva PO Box 12909, Suva, Fiji Phone: (679) 3638 069 Email: fortuneconsultants@bigpond.com
		12) MR WILLIAM OSBOURNE Prime House Corporation, 2 Denison Road, Suva P.O Box 19106, Suva, Fiji Phone: (679) 9777 245 Email: willo@primehouse.com.fj



Level 2, Provident Plaza 1, 33 Ellery Street, Suva
Mailing Address: GPO Box 11689, Suva Fiji |
Phone: (679) 3304 130, 3313 764 | Fax: (679) 3304 145
Email: info@spse.com.fj | Web: www.spse.com.fj