



South Pacific
Stock Exchange



**ANNUAL
REPORT
2017**

OUR VISION

TO BE INTERNATIONALLY RECOGNISED AND TO MAINTAIN INTERNATIONAL REPUTATION AS 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
- ✧ **ETHICS** – To uphold and maintain the highest level of ethical standards
- ✧ **COMMITMENT** – To be committed to the ongoing development of the securities industry in Fiji

Contents

Listed Company Information	2
Chairperson's Report	3-4
Chief Executive Officer's Report	5-9
Corporate Governance	10-15
Market Report	16-26
Investor Profile	27-30
Development Report	31-36
Financial Statements	37-63

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) Ltd. It also has 100% subsidiary company in Kiribati, ATH Kiribati Ltd and Telecom Vanuatu Ltd in Vanuatu.
Communications (Fiji) Ltd	CFL	20 Dec 01	\$1.15	Is the largest radio broadcasting company in the South Pacific and operates five radio stations in Fiji and, under its subsidiary company, PNG FM, a further three stations in Papua New Guinea (PNG). Through the Total Event Company, CFL is the premier event management company in both Fiji and PNG. It also holds 50% shares in 231 Waimanu Road Holdings Ltd.
Free Bird Institute Ltd	FBL	02 Feb 17	\$2.00	Runs the first English only language institute in Fiji, catering foreign students wishing to learn English. The Institute is recognised by the Fiji Ministry of Education and maintains two campuses, in Namaka, Nadi and in Lautoka.
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).
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, recently establishing a state-of-the-art bottling operation at source. Pleass operates a business unit selling single use daily items and manufacture of packaging items and also operates 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

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 gives me great pleasure to present to you the Annual Report of the Exchange for the 2017 financial year. As usual, my report will cover an overall operational overview for your company and its subsidiary, Central Share Registry Limited (CSRL).

On the global front, 2017 witnessed economic activity picking pace as most advanced and emerging economies managed to maintain their momentum and accelerate growth. The primary factor behind such a growth was generally an increase in consumer spending which was backed by broadly encouraging economic conditions and strong government outlays. Global analysts and market strategists believe that this recovery will continue for a good while and labelled 2017 as a remarkable year for the stock market. Generally, the global equity markets in 2017 has been led by growth companies, especially from certain Internet stocks with the signature names such as Alibaba, Facebook, Amazon, Netflix and Google in the lead as they boast for massive user bases, impressive growth rates and in many cases strong profitability as well. On the back of these increases, the major world market indices soared to new highs creating wealth for the investors.

Domestically, according to the statistics provided by the Reserve Bank of Fiji (RBF), the Fijian economy is expected to grow by 4.2% in 2017. This growth trajectory is in concurrence with the global economy and is essentially backed by an upward trend in consumer spending supported by higher incomes, favourable labour market conditions and accommodative monetary policy conditions. On the local equities front, Fiji's stock market recorded impressive gains in its key market indicators this year. The overall

capitalisation of the market recorded a strong growth on the back of greater investor demand gaining a significant 36.25% concluding the year at an all-time high value of \$1.80 billion. The strong financial performance recorded by several listed companies coupled with increases in dividend payments combined with increased demand for listed company shares resulted in strong capital gains for the year which ultimately posted strong gains in market indices as well.

Highlights for 2017

Overall for the Exchange, 2017 was a very engaging year for the Board and the Management as the focus remained on delivering key outputs as per our existing three year strategic plan which came to an end in 2017. The year was also marked by certain innovative initiatives such as the total revamp of the traditional Annual Report Competition into a first ever comprehensive and an industry focused Annual Awards event. In essence, emphasis continued to be placed on the core operations of the Exchange to ensure SPSE remains efficient, competitive and focused on building increased scale, scope and reach for the benefit of our stakeholders. These are explained below.

Rule Amendments

Regulatory evolution in our market is necessary with focus on ease of doing business while at the same time being able to invent an environment that is conducive for the Exchange and its stakeholders to operate in. The regulatory regime for the SPSE strives to promote an efficient and a fair securities exchange by ensuring compliance with international best practices in the securities industry and also to ensure that the relevant stakeholders and market players are in compliance with the applicable laws of Fiji. Consequent to the introduction of the 2015 Companies Act of Fiji, the SPSE initiated the review of its Listing Rules in a bid to simplify the current rules for listed entities to make compliance effective yet efficient, incentivise unlisted entities to list on SPSE through enhanced compliance with the 2015 Companies Act of Fiji, to modernise the current Listing Rules in order to align to international best practices, to incorporate certain 'must have' provisions in the Listing Rules to protect stakeholder interests and to redefine rights, powers and duties of SPSE as the frontline regulator of the stock market. The amended rules are expected to be implemented in 2018. In content with the 2015 Companies Act of Fiji, SPSE also launched a standard Articles of Association Template for use and adoption by the listed companies. This initiative was undertaken by SPSE following a consultation session with the listed company executives.

Investor Awareness

Over the years, SPSE has continued to embark on the significance of financial literacy surrounding the stock market through various awareness mediums and market development activities. In 2017, the focus remained on enhancing participation of retail investors in the stock market, translate savers into investors, inculcate market discipline

and promote shareholder activism. Some of these initiatives included investor awareness presentations to various corporate organisations and landowning groups, conducting supplementary lectures for University students, facilitating business excursion visits from high schools students at SPSE premises, partnership with media for coverage of stock market related updates, conducting basic as well as advance-level investor awareness sessions, publication of a range of weekly investor education materials and presentations at listed company shareholder meetings. The SPSE is also acutely aware of the need to continue reinventing the investor awareness platform and as such looks forward to introducing some new investor awareness initiatives in the coming year all in a bid to empower and raise the level of investor maturity for individuals exploring to invest in the stock market and to further profile the operations of the stock market.

The Road Ahead

The Exchange aims to maintain its momentum with respect to marketing its core business of an access to finance, investment and trading platform both domestically and internationally. Our primary focus will therefore continue to focus on creating partnerships that will increase the number of listed companies and the availability of a dynamic range of securities to accommodate different investor preferences. We also aim to refine our competitive edge and continue to provide value added services to our stakeholders; which includes ease of doing business. The deliverables through these initiatives will once again focus on overcoming the liquidity stranglehold, boosting trading volumes and ultimately generating revenue for the Company with a long term focus to become self-sustainable. In 2018, a greater focus will be placed on promoting the various incentives and benefits of listing on SPSE in existence and how the SPSE platform can be used by the companies to unlock their value. Combined with the incentives and based on the current investor sentiments, the market is offering an ideal opportunity for raising capital by businesses. Overall, SPSE is expectant of another year of growth in trading activities and an increase in number of new investors.

Acknowledgement

On behalf of both the Board and Management of SPSE, I wish to express our gratitude to the Government of Fiji for their ongoing financial assistance towards the operational and successful execution of market development activities as well as the continuation of various tax incentives which has successfully contributed towards our transformational initiatives.

This year's accomplishments would not have been possible without the commitment of my fellow Board members in delivering the key elements of our strategy and I would like to convey my deep appreciation for their involvement and contribution. I would like to take this opportunity to also thank the Chief Executive Officer and her team for their tireless efforts, insights and dedication shown towards both profitability and various development initiatives undertaken during the year. I am confident that together, we will maintain the momentum that we have successfully built over the past years towards growing our Exchange.

I also acknowledge with much appreciation the support that SPSE has received from the Reserve Bank of Fiji (RBF), Listed Companies, Stockbrokers as well as the Investment Advisers.

We look forward to working with the Management to better serve our clients, to further improve the performance of SPSE and to continue to deliver and enhance shareholder value.

We wish you all success in 2018 and look forward to your continued support.



Dr Nur Bano Ali

Chairperson

Chief Executive Officer's Report



Dear Shareholders

It gives me immense pleasure to present my first report since being appointed in July 2017 as Chief Executive Officer of the South Pacific Stock Exchange (SPSE or Exchange) and its subsidiary company Central Share Registry Limited (CSRL).

In spite of certain challenges experienced by the Group during the financial year ended 31st December 2017, SPSE and CSRL appear to be in a stronger position, thanks in no small measure to the work of the SPSE Board and Management.

SPSE managed to do so by remaining focused on the major action items earmarked for the year. Some of these items continued to show the public the value of SPSE, such as our vigorous pursuit of investor awareness initiatives and listing awareness activities. Other action items had a more inward focus, such as optimising SPSE's use of technological infrastructure and training initiatives for its staff and industry participants. Finally, SPSE continued to show that it is a responsive, learning organisation as it undertook review of its Listing Rules given the continued development of capital markets in Fiji.

Stock Market Performance

The end of the year often provides a time for investors to assess portfolio performance. There was much good news for investors in the past year. Globally, equity markets were buoyed by synchronised global economic growth and modest inflation that propelled robust corporate earnings growth and returns that exceeded expectations set out at the start of 2017. On the domestic front and as per Reserve Bank of Fiji (RBF) statistics, sectoral performances were mixed but generally positive in 2017. Robust consumption and investment activity drove aggregate demand whilst favourable monetary and labour market conditions, higher disposable incomes and inward remittances remained supportive of business

investment and consumer spending.

SPSE investors had even better news, as the local market turned in its highest ever annual return over the past 10 years. Total return from the stock market averaged at 27.62% (compared to 9.59% in 2016 and 15.63%, the previous record for one year total return over the last decade). Whilst one of the main reasons for the surge in stock market returns was attributed to the excess demand for shares over supply in the market, it was encouraging to note investors making well informed investment decisions with some investors also realising capital gains by selling a portion of their initial investment which showed signs of a positive change from the traditional 'buy and hold' preference of the general investing public in Fiji.

Financial Performance

Against this backdrop, the financial performance for SPSE and CSRL for the year ended 31st December 2017 was positive and focused on reducing reliance on government grant so as to safeguard future sustainability of the Group through the following areas:

- ✧ Pursuing alternative revenue sources for the Group in addition to promoting greater trading levels and encouraging more listings on the market;
- ✧ Adoption of technology and elimination of paper-based processes to enhance the ease of doing business; and
- ✧ Prudent cash flow management and in particular active investment of retained earnings to assist with future capital expenditure plans for the Exchange.

SPSE and CSRL as a Group recorded a consolidated post-tax profit of \$81,205 for the 12 months ended 31st December 2017, compared to \$141,206 in the previous financial year. It should be noted by shareholders that the 2016 net profit was significantly higher due to the listing of Vision Investments Limited (VIL) in February 2016 which derived trading fees of circa \$212,000 for SPSE with limited additional incremental cost. SPSE has experienced year-to-year fluctuations in revenue and profitability based on the timing of listing of larger companies. Despite the listing of only one small capitalisation company in 2017 of Free Bird Institute Limited (FBL), the Group still recorded total revenue of \$867,311 compared to \$867,426 in the previous year (a dip of only 0.01%). Thus, whilst operating revenue and in particular SPSE facility fee noted a significant decrease from previous financial year, improvement in performance of current revenue streams coupled with identification of new income streams for SPSE led to the attainment of similar revenue levels in the 2017 financial year. However, the addition of these new revenue streams in 2017 has associated ongoing costs, accounting for the decrease in net profit compared to 2016.

In summary, the key components of 2017 financial performance were attributed to the following:

- ✧ Increase in Annual listing fees due to increases noted in market capitalisation of listed companies;

- ✕ Increase in CSRL entry, maintenance and distribution fees as a result of 3 new companies signing up for CSRL services;
- ✕ Receipt of listing application fee of a medium sized market capitalisation company, application of which is currently with RBF for approval; and
- ✕ Introduction of SPSE Annual Awards and training fees for industry participants.

Strategic Goals

1. Increase Company and Investor Confidence

- ✕ One of the major outputs that SPSE worked on in 2017 was the review of the SPSE regulatory framework. In particular, amendments were made to the SPSE Listing Rules so as to align the current rules to the 2015 Companies Act of Fiji and to modernise and align the current Listing Rules to international best practices. Comments on the amended rules have been sought from the market and the amended rules are expected to be implemented in 2018.
- ✕ In July 2017, SPSE launched the standard Articles of Association template for listed companies. The template contains provisions in line with the 2015 Companies Act of Fiji and the SPSE Listing Rules and has been introduced to assist listed companies with ongoing compliance and statutory requirements. The template has been formulated by Ms. Sujatha Nair, a Consultant from Lateef and Lateef Lawyers.
- ✕ In a bid to raise awareness about shareholder rights, responsibilities and recourse mechanisms, Management has been conducting presentations at the beginning of listed company Annual General Meetings (AGM) to shareholders present. This has greatly assisted shareholders present at the meeting to understand and exercise their rights during the meeting.
- ✕ Ongoing supervision of listed companies and brokers continued throughout the year with the imposition of fines and penalties and conduct of onsite inspections where necessary.
- ✕ In terms of proactively developing rules to address emerging issues, SPSE introduced a guidance note on Share Buy-Back procedures in light of changes introduced in the 2015 Companies Act and Kinetic Growth Fund Limited (KGF) passing a resolution at its AGM to engage in a Share Buy-Back programme. The guidance note has established procedures that assist companies not only in complying with the requirements stipulated in the Companies Act but also in promoting the goals of the development of SPSE as a leader in the capital markets.

2. Increase the Volume Traded and Number of Transactions

- ✕ Management continued with its investor awareness activities with the same enthusiasm as prior years. Our popular lunch hour seminars, corporate awareness sessions, joint presentations under the iTaukei Land

Trust Board (TLTB) Memorandum of Understanding, presentations to School and University students, stock market awareness articles and social media updates were rolled throughout the year. It was encouraging to note that the market and the general public have been responding very positively to our investor awareness initiatives and this was witnessed by the introduction of 147 new investors to the stock market in 2017 and the average bid to offer ratio standing at 1:0.8 which effectively meant that there were more buyers in the market than sellers through the year.

- ✕ In terms of providing information to the public to aid in investment decisions, Management stepped up its efforts in producing listed companies insight articles which provided information about the respective company's products and services, latest financial performance, in-depth market performance and future outlook of the company by the senior officials. Management also produced annual financial summaries for all companies listed on SPSE and posted the same on the SPSE website for the benefit of shareholders and potential investors.

3. Increase the Number of Listings

- ✕ FBL successfully listed on SPSE's Main Board on 2nd February 2017. The market capitalisation of FBL on the day of listing stood at \$4m. The company's founding shareholders similar to VIL divested a portion of their shareholding to retail investors so as to increase liquidity in FBL shares and at the same time promote participation of ordinary Fijians in the stock market. This augured well for FBL and SPSE and Management is pleased to inform that at the date of this report, FBL had divested a total of 424,090 shares to retail investors increasing FBL's market capitalisation to \$5.1m and concluding the year at a share price of \$2.55.
- ✕ SPSE has also been continuously working with targeted private and public companies that had registered their interest in listing on SPSE. This led to the receipt of a Compliance listing application on 23rd October 2017 and subject to RBF approval, the company is anticipated to list in 2018.
- ✕ Throughout 2017, Management has also worked closely with Ministry of Public Enterprises and Fiji Electricity Authority (FEA) regarding the listing of the corporatised form of FEA. The intention of Government is to list shares that would be offered to all individual FEA account holders in Fiji with the hope to increase the participation of Fijian citizens in the development of Fiji's capital markets. The Offer would provide an opportunity for Fijians to participate in the nation's largest ever public sector share offer and to acquire a direct interest in one of Fiji's largest utility based companies. SPSE is closely monitoring developments in this area and continues to work with Ministry of Public Enterprises and FEA to realise the listing of the first ever state owned enterprise on Fiji's stock market.

SPSE TEAM

**Standing L-R:**

SWASTIKA RAM – Financial Accountant | JOANA RARASEA – Registry & Administration Officer | MELVIN KISHORE – Registry Intern | RASHA ALI – Compliance Officer

Sitting L-R:

PRETESH PRASAD – Business Development Manager | KRISHIKA NARAYAN – Chief Executive Officer | ASHLY PRASAD – Market & Financial Analyst

4. Develop and Optimise the use of Technological Infrastructure

- ✧ In 2017, CSRL welcomed a total of 3 new companies for its services and for the first time ever, 2 unlisted companies outsourced its registry services to CSRL: Global Harvest Holdings Limited and Kontiki Finance Limited. Fiji Care Insurance Limited (FIL) also joined CSRL during the year leaving only 3 companies that are currently listed on SPSE yet to join CSRL services. Management remains committed to providing registry services for all companies listed on SPSE and as such we are closely working with the remaining listed companies to join CSRL services.
- ✧ One of the main focus for SPSE and CSRL in 2017 has been to streamline the current processes that have been in place in the past and optimise the use of technology to replace paper-based procedures. While this remains an ongoing output into 2018, Management is pleased with the progress made so far especially in terms of streamlining and automating settlement and registry processes that could potentially further reduce the time devoted to processing transactions, thus increasing our efficiency and enhancing the ease of trading in Fiji's stock market.
- ✧ CSRL also remains committed to ensuring that its Shareholder Online Portal and ShareSoft system is updated and in line with policy changes and market

needs. In this regard, the following enhancements were adopted by the system in 2017:

- o Share certificate template was aligned to the 2015 Companies Act of Fiji;
- o Dividend Advice Report was amended to reflect dividend declaration and payment date as opposed to record date;
- o Flexibility was allowed for batch import of data into the system to customise data importation to client requirements;
- o Share Buy-Back feature was added; and
- o Dividends direct deposit feature was synchronised with ANZ Transactive to eliminate human errors while processing dividend payments.

5. Enhance Competencies of our People and Industry Participants

- ✧ Enhancing the competencies of our staff members as well as the participants of the capital markets industry has always been of paramount importance especially in view of the increasing sophistication in products and transactions as the stock market develops making it vital to have competent and well-informed people. The following training areas were focused upon in 2017:
 - o Attendance and participation of Accounts officers at the Fiji Institute of Accountants Technical Workshop and Congress;

- o Attendance of CEO and Accounts Officer at the annual CPA (Fiji) Congress;
 - o Participation of CEO to the Regional Seminar on Mechanisms for Promoting IPOs including SMEs and SME Financing held in Siem Reap, Cambodia;
 - o Participation of Manager Operations and stockbrokers at the Equity Valuation training organised by SPSE in collaboration with RBF and facilitated by Professor Erik Larson;
 - o Participation of one SPSE Director, SPSE CEO and listed company representatives at training on Good Governance Practices and Compliance with 2015 Companies Act of Fiji organised by SPSE and facilitated by Ms. Wati Seeto;
 - o Information Session to explain and discuss the proposed amendments to the SPSE Listing Rules for listed company representatives facilitated by Ms. Sujatha Nair;
 - o Broker Examination conducted for all licensed stockbrokers to keep them abreast with the SPSE Business Rules and the system requirements for the Electronic Trading Platform.
- ✧ In a bid to improve the standard of reporting and presentation of Annual Reports as well as to acknowledge the contribution of our key stakeholders towards the development of the stock market and ultimately the capital markets in Fiji, one of the major events organised by SPSE this year was the inaugural SPSE Annual Awards. The Awards was a total revamp of the traditional Annual Report Competition awards and the event as a whole met the following objectives, whilst also generating enough income to cover the costs of the event:
- o Successfully revamped the categories and criteria of the traditional Annual Report Competition which had become mundane and wherein category winners were predictable and recurring;
 - o Introduced the Grand Awards in a bid to recognise industry participants and in addition awarded two recognition awards to individuals who had an outstanding performance in 2017;
 - o Raised the profile and generated greater awareness/appreciation of the SPSE and its operations in the eyes of stakeholders and the general public at large;
 - o Added value to our working relationship with listed companies and brokers;
 - o Rewarded market development initiatives that could in turn encourage greater efforts in the area of listing and stock market investments;
 - o Used the public platform to share our achievements/discuss planned developments with our key stakeholders and potential stakeholders; and
 - o Fully utilised the marketing opportunity through

media partners to create awareness about stock market investments and listings as well as ensured full coverage of the Awards event throughout Fiji.

All in all, holding an awards ceremony for our industry has become an effective way for SPSE to acknowledge the people and institutions that matter to us – listed companies, stockbrokers, investment advisers and the investors. Equally important, it also provides an opportunity for the unlisted companies to use this platform to improve the standard of reporting and presentation of financial and other relevant information vitally needed by stakeholders and investors.

- ✧ SPSE in collaboration with Asian Development Bank (ADB) Pacific Private Sector Development Initiative (PSDI) organised a Women's Business Leadership Training Program in 2017. The agenda for gender diversity on listed company boards has been the subject matter of on-going discussions between key stakeholders since the Exchange successfully conducted the Ring the Bell for Gender Equality event in 2016. Since then, the key takings from these discussions have led to a call for action that would generate tangible progress for gender parity on corporate boards. The training was conducted over 3 sessions of 2 days each and attracted a total of 25 participants who were nominated by listed companies. From SPSE's perspective, it is important to continuously encourage and promote gender parity on listed company boards and for that, the Exchange will (i) support training of senior women representatives of listed companies to develop skills that will equip them to occupy board positions and (ii) take the lead to start and publish a database that will collate information on suitable women candidates for board positions.

6. Enhance our Position in the Financial Markets through Strategic Partnerships and Regional Expansion

- ✧ The Exchange continued to undertake work with respect to strategic partnerships and regional expansion. However, in 2017, SPSE focused more on developing the domestic market rather than pursuing opportunities outside of Fiji. Nonetheless, discussions on possible partnerships with National Stock Exchange of Australia (NSX) was explored and links were established with Stockbrokers and Financial Advisors Association and BoardRoom Media for more opportunities.
- ✧ One of the more tangible results achieved this year under this strategic goal included the establishment of the Pacific Corporate Governance Institute (PCGI). PCGI is an entity formed initially with support from International Finance Corporation (IFC) and the Australian Government to provide professional corporate governance education, awareness and advocacy to the Pacific region. This will help aggregate and coordinate the various corporate governance activities in Fiji and channel expertise and resources through a single entity. The vision of the PCGI is to be the nationally and regionally recognised thought

leader and training provider in corporate governance. Longer term, this may transform into a membership-based Institute of Directors. SPSE is a potential member of PCGI and currently the SPSE Board Chairperson and CEO serve as directors on the PCGI Board.

The Year Ahead

In 2017, the Board and Management of SPSE adopted a new Strategic Plan for the years 2018 to 2020. The Strategic Plan acknowledges that SPSE has achieved much since its inception in 1979. It moved from a part-time trading post with only 6 securities traded to a professional, full-time, stand-alone operation with 19 companies currently listed on its official board. From its early form as a trading post, SPSE established an open outcry system of call market session prior to shifting to an electronic trading platform in 2010. More recently in 2016, CSRL officially launched its cloud based registry software - ShareSoft and Shareholder Online Portal for public use, enabling the investing public even greater access to information.

Instead of resting on these achievements, the Strategic Plan emphasises that SPSE still has much more that it can do to help develop a more vibrant capital market. Fiji is generally regarded as having a relatively well-developed financial sector compared to other Pacific Island countries. Yet, the potential benefits of further growing the capital markets in Fiji are significant. Doing so will mean overcoming substantial challenges. To address these challenges, the main focus for next year and beyond will be on enhancement of trading and settlement infrastructure to attract investors to the stock market, provision of quality investment products and vigorously promoting investment in the stock market as the preferred option in Fiji.

The Exchange is focused in making the stock market a key tool for financing and an important part of the economic system which would ultimately increase shareholder value.

Acknowledgement

As I conclude my first CEO's report, it is fitting to thank those who have contributed to our success and sustainable growth of the Group and the overall development of the stock market in 2017. On behalf of the SPSE team, I would like to firstly thank the Government of Fiji for its continuous financial support and pro-capital market policies that has cemented confidence in listed companies and other industry players regarding the uninterrupted continuity of stock market incentives in Fiji.

I would also like to specially thank the SPSE Chairperson, Dr. Nur Bano Ali and all SPSE Directors for their invaluable support and guidance especially during the unfolding of unforeseeable events witnessed this year. My sincere gratitude goes to listed company representatives, stockbrokers, investment advisers and Reserve Bank of Fiji for partnering with SPSE in its development initiatives.

Lastly, a more personal recognition to the Team at SPSE – your zeal to drive and produce results and your willingness to work tirelessly as a team even at the most trying times is testament to your commitment and passion towards SPSE's strategic objectives and overall development. I look forward to working with you with a greater level of optimism and innovation in 2018!

Thank you and we look forward to undoubtedly another exciting year for SPSE and CSRL.



Krishika Narayan

Chief Executive Officer

CORPORATE GOVERNANCE



Board of Directors



Dr Nur Bano Ali (Chairperson)

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

Dr Ali is a Business Adviser 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 contextualized 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 optimizing 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. Dr Ali 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. Dr Ali is also a recipient of the prestigious honour of an "Officer of the Order of Fiji" (OF) for her distinguished services to Fiji. She is now the Deputy Chairperson of the Pacific Corporate Governance Institute which has recently been set up as an initiative of the International Finance Corporation (IFC).

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 was awarded the CFA Charter in 2005, having completed the Chartered Financial Analyst Programme. He also holds a Bachelor of Commerce from the University of Auckland and the Graduate Diploma in Applied Finance & Investments from the Financial Services Institute of Australasia. He is a licensed Investment Adviser Representative and is also a Director of Kontiki Finance Limited and Oceanic Communications Limited.

Dr Roland Schultz

Independent Director, Member Governance Committee, Member 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 Services (FRCS) 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 FRCS'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 Chairman of Life Cinema Ltd, FHL Retailing Ltd and FHL Media Ltd. He is 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 Adviser (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 is also Vice President of Fiji Chamber of Commerce & Industry as well as Vice President for CPA Australia – Fiji Chapter. He has more than 28 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 a Travel Centurion and the only Distinguished Toastmaster in the South Pacific.

Corporate Governance Disclosures

Introduction

The Board of Directors of the South Pacific Stock Exchange (SPSE or Exchange) has been promoting the success of the business organisation in its role as the market operator and the front line regulator of the stock market and is accountable to its shareholders for the overall direction and control of the Company. The Board of the SPSE is committed to high standards of governance designed to protect the interests of its shareholders and all other stakeholders while promoting the highest standards of integrity, transparency and accountability and reiterates its engagement to maintain high standards of corporate governance throughout the Company to ensure that the Company's governance processes and structures comply with the relevant legislation and with international best practice.

For the SPSE, good governance is not just a matter for the Board; it is also the responsibility of Management and is embedded throughout the organisation. The SPSE's Corporate 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. 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 is committed to ensuring that its policies and practices in the critical areas of reporting and corporate governance meet high levels of disclosure. The Board is responsible for SPSE's governance and stewardship and overseeing its corporate strategy, operations and management. The Board discharges its responsibilities, either directly or, where appropriate, through various committees. The Board sets clear policies and direction for management's responsibilities and authority.

In order to assist the Directors in the discharge of their duties, the SPSE has adopted a Board Charter, which sets out the framework for the composition, responsibilities, duties, procedures, powers, authority and accountability of its Board.

The Board's ultimate responsibilities include but are not limited to:

- ✕ maintaining good corporate governance standards;
- ✕ acting honestly, fairly and diligently;
- ✕ exercising discipline in work;
- ✕ acting in accordance with laws and regulations;
- ✕ avoiding or managing conflicts of interest;
- ✕ promoting SPSE as a good corporate citizen; and
- ✕ committing to the development of the securities industry.

Principle 2: Constitute an Effective Board

Board Composition

It is appropriate that the serving Board has the right mix of skills and experience which can enable them to carry out the allocated duties and responsibilities in an effective and competent manner. To effectively carry out the Board's mandated role and responsibility, the Reserve Bank of Fiji (RBF) endorses the shareholders' nomination of Board Directors after being subjected to the RBF's rigorous Fit and Proper assessment framework. (Refer to page 11-12 for Directors' profiles)

During meetings, the Chairperson encourages constructive and effective debates and Directors are given the chance to freely express their views or share information with their peers as a participative Board. Any Director, who has a direct or deemed interest in the subject matter to be deliberated, declares their interest and abstains from deliberation and voting on the same during the meeting.

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.

The Directors' attendance at the Board meetings (including special meetings) of the SPSE and its wholly owned subsidiary, Central Share Registry Limited (CSRL) as well as the various Committees during the past financial year is detailed in the table on the following page:

Attendance at Meetings	Board (SPSE & CSRL)		Special		Listings & Compliance Committee		Audit & Finance Committee		Governance Committee	
	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended	Entitled	Attended
Dr. Nur Bano Ali (Chairperson)	5	5	9	9	5	5	4	3	4	4
Mr. Saiyad Hussain (Deputy Chairperson)	5	4	9	6			4	3	4	4
Mr. Griffon Emose	5	4	9	8			4	4		
Mr. Steven Pritchard	5	5	9	7	5	3				
Dr. Roland Schultz	5	4	9	7	5	5			4	4
Mr. Bhupendra Solanki	5	4	9	7	5	5			4	3
Mr. Josua Satavu*	2	1	8	7	2	2	2	2		
Mr. Nouzab Fareed	5	5	9	7			4	3	4	3
Ms. Latileta Qoro (attends all meetings as Chief Executive) **	1	1			1	1				
Ms. Krishika Narayan (attends all meetings as Chief Executive)	4	4	9	9	4	4	4	4	4	4

* Mr. Josua Satavu resigned as a Director on 5th July 2017

** During the year Ms. Latileta Qoro resigned as SPSE CEO and was replaced by Ms. Krishika Narayan

Directors' Continuous Development

An evolving external environment including techniques, skills and regulations requires Directors to receive periodic presentations as well as be required to attend relevant trainings, seminars and workshops to help them understand the structure and operations and key developments affecting the Company. During the year, SPSE organised training on Standards of Good Practice for Boards & Directors ensuring compliance with the Companies Act 2015 and this was attended by certain SPSE Directors.

Delegation to Committees

The Board of the SPSE is accountable to shareholders for the strategic direction of the Company and the pursuit of value creation for shareholders. The Board delegates the implementation of its strategy to its Management within a formal delegation framework. As such, the Board from time to time establishes committees to streamline the discharge of its responsibilities and has entrusted them with specific responsibilities to oversee the affairs of the Company. 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 employees are fairly and equitably rewarded while having due regard to shareholder interests, the financial and commercial health of the Group and the competitive nature of this industry.

The Governance Committee is also responsible for the appointment, remuneration and renewal of term for the 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 is committed to maintaining a level of disclosure that meets the highest standards and provides all stakeholders with timely and equal access to information. 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

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practice and ethical conduct by all Directors, employees and its contractors 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

SPSE has only 8 shareholders currently and as such the Board and Management is able to liaise with and attend to individual shareholder needs in an appropriate and timely manner. The rights of the shareholders are entailed in SPSE Articles of Association.

SPSE 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 and is made available electronically via the SPSE website.

Principle 7: Accountability and Audit

Internal Audit and Audit Committee

The Board recognises that internal audit is an important function within a business to effectively and appropriately manage risk and improve on the organisations business practices. However, given the size of SPSE operations, the Board does not believe that an internal audit function is required at this time. As such, the company does not have an internal audit function.

Nonetheless, the Board has established an Audit and Finance 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 monitoring and discussing risk management policies and practices with Management.

External Auditors

SPSE engages an external auditor each year under the guidance and approval of the Audit and Finance Committee and receives an independent audit report which is embedded in the Annual Report.

Principle 8: Recognise and Manage Risk

Risk management is the ongoing process of identifying risks and implementing plans to address them with an objective to assure uncertainty does not deflect the endeavour from the business goals. For SPSE, the Board and the Chief Executive Officer are accountable for the implementation and maintenance of sound risk management measures while all staff members are responsible and will practice sound risk management practices within their particular areas of responsibility.

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.

MARKET REPORT



2017 Market Highlights

Trading Activity

Market Sentiments

The year 2017 was characterised by high demand for stocks with high yields and those that had reported consistent or in some cases improved financial performances. An excess demand over supply of shares in the market was recorded in majority of the months as indicated by the month by month bid to offer ratio. While existing shareholders of some listed companies which continued to trade at their all-time high share prices demonstrated a strong 'Hold' and/or 'Accumulate' investor preference, it was encouraging to note that there were certain existing shareholders who took an opportunity of the current market sentiments to liquidate part of their shareholdings and realise capital gains from their investments. Overall, this investor behaviour combined with the returns offered in the stock market relative to domestic alternatives added to the radiance of trading activities and gains in key market statistics during 2017. The Exchange also witnessed the presence of well-informed investment decisions being made by investors which resulted in determination of share prices which were closely linked to developments announced by listed companies such as improved financial performance, product launch and/or acquisition plans. To some extent this awareness on the investor end resulted in price corrections for certain listed stocks and is certainly a welcome change towards developing a more vibrant stock market in Fiji. An impressive trend was recorded in terms of new investors seeking investment opportunities in the stock market as well. The Exchange 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. The three licensed stockbroking firms have played an important role in this agenda of increasing new investors in the market and are being commended for their effort during the year. Overall, considering the current market sentiments, it is obvious that a company which has attractive prospects and has been contemplating floating its shares on the market will find a ready base of investors willing to take up the share offer. With this optimistic environment, it is certainly an ideal time for all those companies to proceed with their plans to go Public.

Overall Trading Pattern

There were no one-off transactions recorded during 2017, however, during the year 2016, various one-off transactions were recorded which included the Vision Investments Limited (VIL) private placement trades and special crossing transactions. As such, the trading statistics for the year 2017 ranks lower in comparison to 2016.

The number of transactions via the SPSE e-trading platform for the year ended 31st December 2017 stood at 1,434, marginally lower than the number of transactions in 2016. The total volume traded stood at 2,958,671 shares while the total value of traded totalled \$7,535,669.

The key market indicators in comparison to last year is illustrated in the table below:

Summary of Security Trading	2016*	2017	% Change
Number of Trades	1,580	1,434	-9.24%
Volume Traded	37,624,869	2,958,671	-92.14%
Value Traded (\$)	58,682,893	7,535,669	-87.16%

* 2016 trading statistics includes one off transactions

New Order Flows

New order flow into the market had been buoyant with a weekly average consideration of \$394,431. Throughout 2017, new orders mostly swayed towards the buying interest, however, an injection of certain high volume sell orders towards the end of the year in certain listed stocks resulted in the 12 month average bid to offer ratio to conclude at 1:1. Once these certain high volume sell orders are excluded, the 12 month average bid to offer ratio stands at 1:0.8, indicating the strong presence of demand-side investors that are looking for suitable securities to purchase at an agreeable price. Generally, together with institutional investors, participation from various retail investors was also recorded throughout 2017 resulting in lively order flows.

Monthly Market Activity Highlights

- ✧ The year 2017 started on a slightly slower mode with majority of the listed companies recording relatively lower number of trades and only three companies recording share price movements in January.
- ✧ The month of February saw the official listing of Free Bird Institute Limited (FBL) which marked the extension of the capital markets sectorial representation by including the Education sector. The listing of FBL injected the much needed liquidity and provided an opportunity for the investors who have been looking for investible shares. There were also various other price movements recorded during the month.
- ✧ The upbeat from the listing of FBL continued in March with an increase recorded in the overall trading pattern supplemented by trading in Amalgamated Telecom Holdings Limited (ATH), Vision Investments Limited (VIL) and Fijian Holdings Limited (FHL). The month of April recorded slower trading behaviour with majority trades recorded in ATH and FHL shares.
- ✧ The month of May was lively due to numerous reasons. Firstly, the market recorded the first batch of FHL's bi-annual market based dividend reinvestment trades. Moreover, VIL recorded certain high volume trades as founding shareholders liquidated part of their shareholdings which allowed both retail as well as institutional investors to purchase those shares and finally, the May trading levels were boosted by trades recorded in ATH, FBL and FMF Foods Limited (FMF) shares.

- ✧ Active trading pattern continued in June with additional shares related to FHL's dividend reinvestment trades getting executed during the month. ATH shares were also seen to be in demand resulting in the security posting impressive capital gains for its investors. The month of July saw the execution of the remaining FHL dividend reinvestment orders from the March dividend declaration while stocks such as VIL and ATH continued to remain active.
- ✧ In August, market activity focused on a mix between stocks with high dividend yields and/or those showing capital gain opportunities. There was an increase recorded in trading of FBL shares following the declaration of an interim dividend while certain high value trades were recorded in FMF. Also for the first time and as now allowed under the 2015 Companies Act, Kinetic Growth Fund Limited (KGF) executed a share buy-back transaction.
- ✧ The month of September and October recorded similar trading patterns with investors once again focusing on yield driven stocks. ATH shares continued to surge while positive price increases continued to be recorded for VIL, FHL, KGF and BSP Convertible Notes Limited (BCN) shares.
- ✧ FHL shares were dominant in November as the company's second batch of its bi-annual dividend reinvestment trades were partially executed during the month. VIL, FMF and FBL shares were also in demand resulting in notable trading; however, the highlight for the month was the execution of a high volume order in RB Patel Group Limited (RBG) between two institutional investors. This trade in RBG boosted the overall trading statistics for the year.

- ✧ Despite the festive season setting-in, the overall trading, in particular by retail investors boosted the market activity in December. This trading behaviour supplemented the remaining trades executed as part of FHL's dividend reinvestment orders from the September dividend declaration. This active trading by retail investors during the festive season is a welcome change noted by the Exchange over the past years and indicates that individuals are now balancing their consumption and saving/investment priorities.

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

Trade by Security

Analysing the overall market statistics for 2017 by each security shows RBG shares dominating both volume and value traded. RBG shares represented 18.40% of the overall volume traded and 29.13% of the overall value traded during the year under review.

In terms of number of trades, the restricted security, FHL stood as the most active stock. FHL accounted for 57.25% of the total number of trades in 2017. These number of trades is close to five times higher than the second most active security and were underpinned by FHL's market based dividend re-investment option for shareholders.

Future Forests (Fiji) Limited (FFF)¹ and Pacific Green Industries (Fiji) Limited (PGI) were the two listed stocks that did not record any market activity in 2017.



¹ Future Forests (Fiji) Limited (FFF) shares remain suspended as at the date of this report.

The trade analysis by each security for 2017 is tabulated on the below:

Security	Security Price as at 31/12/17 (\$)	Number of Trades	Volume Traded	Value Traded (\$)	Issued Securities	Volume Traded to Issued Securities Ratio	Market Capitalisation (\$)
APP	1.05	5	24,920	26,166	8,000,000	0.31%	8,400,000
ATH	1.86	168	216,338	339,512	422,104,868	0.05%	785,115,054
CFL	4.68	4	32,191	146,631	3,558,000	0.90%	16,651,440
FBL	2.55	101	424,090	1,029,889	2,000,000	21.20%	5,100,000
FFF	0.79	NO TRADES			30,307,483	0.00%	23,942,912
FIL	1.16	19	254,071	269,704	8,201,171	3.10%	9,513,358
FMF	1.15	23	529,494	515,878	150,000,000	0.35%	172,500,000
FTV	1.99	21	40,966	79,453	10,300,000	0.40%	20,497,000
KGF	0.53	12	128,638	65,171	3,584,341	3.59%	1,899,701
PBF	12.60	30	32,446	401,451	10,408,125	0.31%	131,142,375
PBP	1.90	2	1,500	2,750	6,600,000	0.02%	12,540,000
PGI	1.00	NO TRADES			7,619,234	0.00%	7,619,234
RBG	4.28	20	544,425	2,194,862	30,000,000	1.81%	128,400,000
RCF	4.10	10	40,889	166,073	6,000,000	0.68%	24,600,000
TTS	4.86	6	16,944	81,530	14,032,202	0.12%	68,196,502
VBH	4.50	7	40,589	169,743	2,137,403	1.90%	9,618,314
VIL	2.80	161	384,418	904,028	103,769,425	0.37%	290,554,390
FHL	5.20	821	241,267	1,098,477	10,464,650	2.31%	54,416,180
BCN	8.53	24	5,485	44,350	3,064,968	0.18%	26,144,177
TOTAL		1,434	2,958,671	7,535,669	832,151,870	0.36%	1,796,850,636

Liquidity

The total volume traded accounted for 0.36% of the issued securities quoted on the trading platform. Whilst majority of the listed securities had less than 1% of their securities change hands in 2017, six listed companies witnessed an exchange of more than 1% of their securities on issue including FBL which noted an access of 20% of its quoted securities seeing a turnover during the period under review.

The average volume and value of trades per transaction for the market in 2017 was 2,063 shares and \$5,255 respectively. These statistics per transactions stands lower since there were no one-off transactions recorded during the period under review.

Changes in Issued Securities

The total number of securities on issue as at 31st December 2017 stood at 832.15 million which showed a slight increase of 0.28% in comparison to 2016. The change in issued securities is due to the following occurrences during the year:

- ✖ 2,000,000 shares quoted on the SPSE trading platform consequent to the listing of Free Bird Institute Limited (FBL).
- ✖ 378,606 shares quoted by FijiCare Insurance Limited (FIL) as part of its Dividend Reinvestment Plan.
- ✖ 72,566 shares were cancelled for Kinetic Growth Fund Limited (KGF) following execution of multiple share buy-back transactions by the company during the year.

Private Transfers

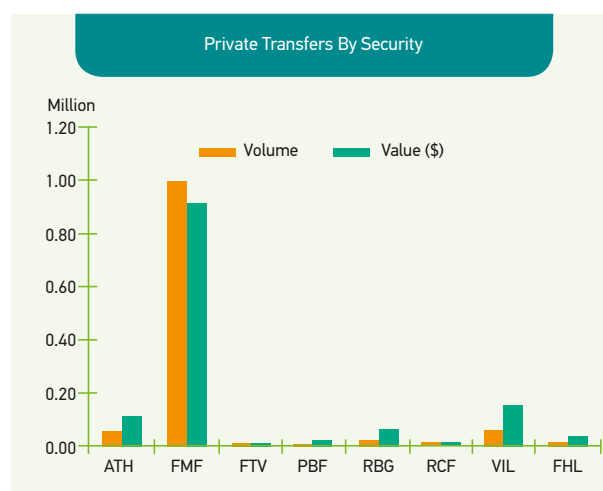
There were a total of 18 private transfer transactions in eight listed securities in 2017. These off market transactions

totalled 1.15 million securities in volume garnering a total value of \$1.30 million. A breakdown of private transfer cases is tabulated below:

Private Transfer Type	Number of cases
Estate case	11
Gift to close relation case	2
Restructure case	5

FMF shares made up for majority private transfers in terms of volume and value while both FMF and FHL had the highest number of off-market transfers with both listed stocks seeing five transfers during 2017.

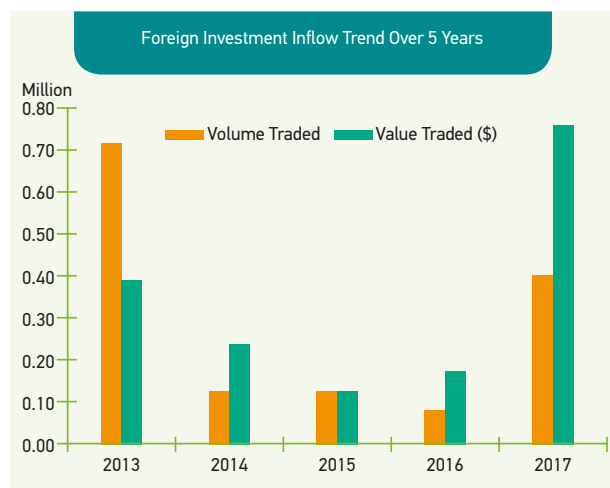
The bar graph below portrays the volume and value of transfers by the individual listed securities in 2017.



Foreign Investment Flows

A small percentage of non-resident shareholders maintain their investments in the SPSE listed companies. In 2017, the amount of new foreign investment inflows into the stock market by way of volume and value traded stood at 0.40 million and \$0.75 million respectively.

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



Market Returns

Capital Growth

The SPSE e-trading platform concluded the year with 16 out of the 19 listed securities recording increased share prices, 12 of which had double digit percentage growths. There were no negative price movements and the three remaining stocks share prices remained invariable during the period under review. On a further assenting note, 12 listed shares concluded the year at their all-time high share prices yielding strong capital gains for their shareholders. These listed shares are; CFL (\$4.68), FBL (\$2.55), FIL (\$1.16), FMF (\$1.15), PBP (\$1.90), RBG (\$4.28), RCF (\$4.10), TTS (\$4.86), VBH (\$4.50), VIL (\$2.80), FHL (\$5.20) and BCN (\$8.53).

The price movers and shakers for 2017 were as follows:

- ✧ FijiCare Insurance Limited (FIL) was the largest price gainer seeing a price increase of 61.11% while queuing second was Toyota Tsusho (South Sea) Limited (TTS) gaining 51.88%.
- ✧ The market heavyweight, Amalgamated Telecom Holdings Limited (ATH) shares recorded a noteworthy increase of 46.46% with FMF Foods Limited (FMF) seeing an upswing of 43.75%.
- ✧ Vision Investments Limited (VIL) recorded an impressive gain of 37.25% while sixth in queue was the supermarket chain, RB Patel Group Limited (RBG) shares surging 35.87%.
- ✧ Television broadcaster, Fiji Television Limited (FTV) bragged an increase of 31.79% with Pleass Global Limited (PBP) shares increasing by 28.38%.
- ✧ The newly listed Free Bird Institute Limited (FBL)² shares gained 27.50% while the restricted stock, Fijian Holdings Limited (FHL) shares increased by 27.14%.

² FBL share price gain of 27.50% is computed based on the listing day closing share price of \$2.00.

- ✧ Kinetic Growth Fund Limited (KGF) and VB Holdings Limited (VBH) gained 17.78% and 13.07% respectively.
- ✧ Further capital gains were recorded by BSP Convertible Notes Limited (BCN): 9.64%, The Rice Company of Fiji Limited (RCF): 9.33%, Communications Fiji Limited (CFL): 7.59% and Paradise Beverages (Fiji) Limited (PBF): 4.13%.

Despite recording trading activities during the year, the share price for Atlantic & Pacific Packaging Company Limited (APP) remained unchanged while Future Forests (Fiji) Limited (FFF) and Pacific Green Industries (Fiji) Limited (PGI) did not record any market activities and as such no price variations were noted.

Given the various share price movements as explained above, the overall capital growth of Fiji's stock market averaged at 23.82% (tax-free) during 2017. The huge increase noted in the average capital growth for the period under review in comparison to 2016 (2016 average tax-free capital growth stood at 3.45%) is very well reflective of the existence of a demand driven populous favouring share investments.

Dividend Yield

The average tax-free income yield for the market stood at 3.80% in 2017. Given that the capital growth and the income yield are inversely related and with a high increase noted in the average capital growth for the year, the average income yield, while still remaining competitive with other alternative financial market investments, settled lower than 2016 (2016 average income yield stood at 6.14%).

Considering each of the listed stocks on an individual basis, nine out of the 19 listed stocks paid increased dividends to their shareholders in comparison to the prior year while three companies maintained the same level of dividend payments from 2016. Five companies paid lower dividends in 2017 while two companies did not declare or pay any dividends during the period under review.

Overall, a total of \$61.22 million was paid out in dividends from the listed equity securities in 2017.

Total Market Return

The total market return to investors in listed companies encompasses the capital growth and the dividend yield from listed stocks. As such, aggregating the average capital growth of 23.82% and the average dividend yield of 3.80% resulted in a **27.62% (tax-free) average total market return for 2017**.

The impressive average total market return has been driven by a huge demand for listed company shares which subsequently resulted in increased share prices for majority of the listed companies. This trend is also supportive of the Exchange's various ongoing investor education programmes and indicates that investors now realise the potential of investing in the stock market which offers competitive returns in comparison to other investment products in Fiji's financial market. This trend also offers a prospect to current shareholders allowing them an opportunity to liquidate their shareholdings partially and make capital gains from their investments.

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

Security	Security Prices		Capital Growth (%)	Dividend Yield (%)	Total Market Return (%)
	2016	2017			
APP	1.05	1.05	0.00%	2.38%	2.38%
ATH	1.27	1.86	46.46%	3.23%	49.68%
CFL	4.35	4.68	7.59%	11.32%	18.91%
FBL	2.00	2.55	27.50%	4.71%	32.21%
FFF	0.79	0.79	0.00%	0.00%	0.00%
FIL	0.72	1.16	61.11%	3.45%	64.56%
FMF	0.80	1.15	43.75%	1.22%	44.97%
FTV	1.51	1.99	31.79%	2.01%	33.80%
KGF	0.45	0.53	17.78%	0.00%	17.78%
PBF	12.10	12.60	4.13%	2.38%	6.51%
PBP	1.48	1.90	28.38%	2.11%	30.48%
PGI	1.00	1.00	0.00%	2.00%	2.00%
RBG	3.15	4.28	35.87%	3.74%	39.61%
RCF	3.75	4.10	9.33%	7.32%	16.65%
TTS	3.20	4.86	51.88%	8.23%	60.11%
VBH	3.98	4.50	13.07%	1.56%	14.62%
VIL	2.04	2.80	37.25%	3.48%	40.74%
FHL	4.09	5.20	27.14%	4.67%	31.81%
BCN	7.78	8.53	9.64%	8.33%	17.97%
AVERAGE			23.82%	3.80%	27.62%

Earnings per Share (EPS) & Price Earnings (PE) Ratio

The average Earnings per Share (EPS) and Price Earnings (PE) ratio from the market in 2017 stood at 45.08 cents and 75.06 times (or a 1.33% earnings yield) respectively.

The EPS and the PE ratio comparisons per security between 2016 and 2017 is illustrated in the table below.

Security	Earnings Per Share (Cents)		Price Earnings Ratio (Times)	
	2016	2017	2016	2017
APP	-0.86	12.99	-121.50	8.08
ATH	13.44	20.20	9.45	9.21
CFL	40.91	-37.53	10.63	-12.47
FBL	n/a	41.22	n/a	6.19
FFF	-14.31	0.06	-5.52	1,244.11
FIL	9.90	8.81	7.28	13.16
FMF	11.30	11.26	7.08	10.21
FTV	-6.49	5.58	-23.28	35.64
KGF	-1.20	11.89	-37.49	4.46
PBF	118.79	129.63	10.19	9.72
PBP	12.52	14.27	11.82	13.31
PGI	1.95	4.22	51.26	23.68
RBG	24.50	28.27	12.86	15.14
RCF	44.69	53.10	8.39	7.72
TTS	61.59	108.89	5.20	4.46
VBH	66.19	97.99	6.01	4.59
VIL	11.06	17.73	18.45	15.79
FHL	88.45	250.85	4.62	2.07
BCN	69.35	77.12	11.22	11.06

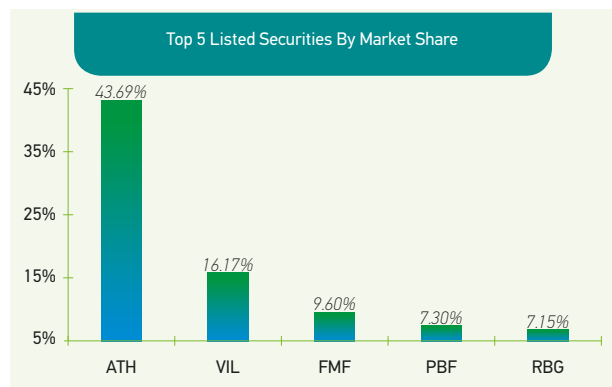
Market Capitalisation – All time high at \$1.80 billion

The overall capitalisation of the market recorded a stellar performance in 2017 gaining a significant 36.25% (+\$478,055,434) to conclude at an all-time high value of \$1,796,850,636. The healthy performance in the market capitalisation is justified given the share price increases recorded in majority of the listed stocks.

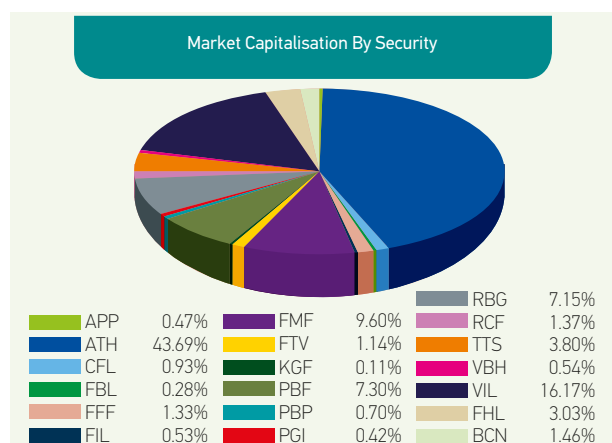
The market capitalisation trend over the past 12 months is illustrated below.



The top five securities in terms of market capitalisation (representing 83.91% of market capitalisation) at the end of 2017 were as follows:

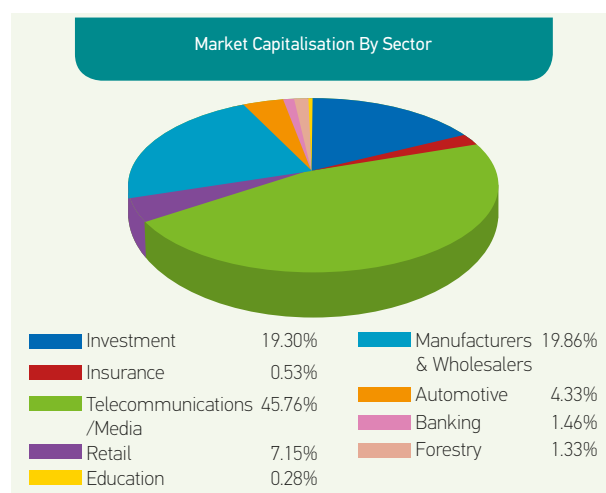


Details of the contribution of each listed security towards the overall market capitalisation as at the end of 2017 are illustrated below:



By sectoral representation, the Telecommunications and the Media sector grasps the largest portion of the overall market value at 45.76%. The Manufacturers & Wholesalers sector stands second in queue occupying 19.86% with the Investment sector posing third with 19.30% occupancy. The Retail sector demonstrates an ownership of 7.15% with the Automotive sector standing at 4.33%. The Banking and the Forestry sector are in close proximity occupying 1.46% and 1.33% of the overall market value respectively. The Insurance sector represented by FIL shares accounted for 0.53% of the overall market value while the Education sector represented by FBL shares, saw its contribution standing at 0.28% at the end of 2017.

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

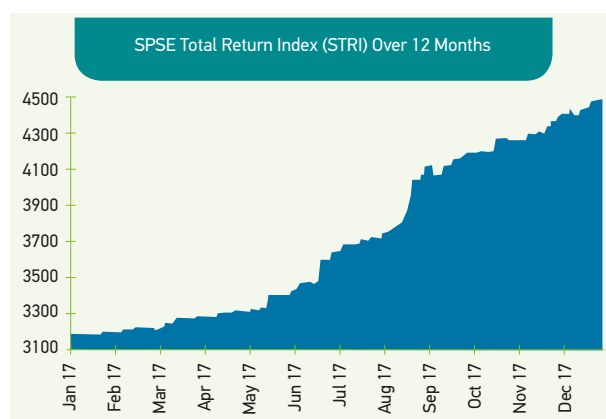


Market Indices

SPSE Total Return Index (STRI)

Given that STRI is a market capitalisation weighted total return index, the impressive capital growth in listed stocks augured well for the index and as such posted a notable gain of 41.35% (+1311.89 points). STRI ended the year with an all-time maximum value of 4484.68.

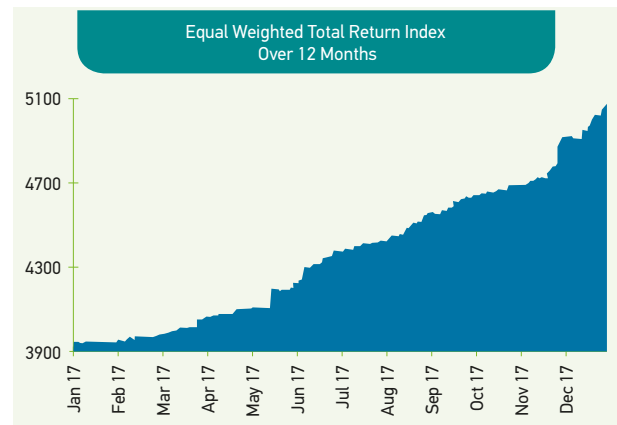
The 12 month performance for SPSE Total Return Index (STRI) is illustrated below.



Equal Weighted Total Return Index

The Equal Weighted Total Return Index weighs all the listed stocks equally without being skewed by the heavyweights and concluded the year 2017 at an all-time high value of 5051.40, a gain of 28.88% (+1132.01 points) for the period under review. The increase in the equal weighted index was in line with the average total market return for 2017.

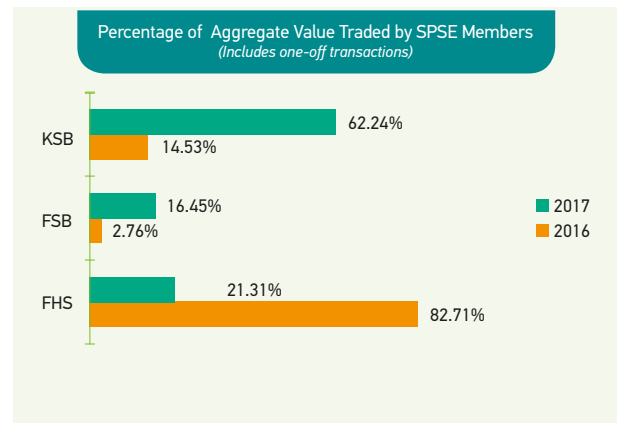
The 12 month performance for Equal Weighted Total Return Index is illustrated on the right.



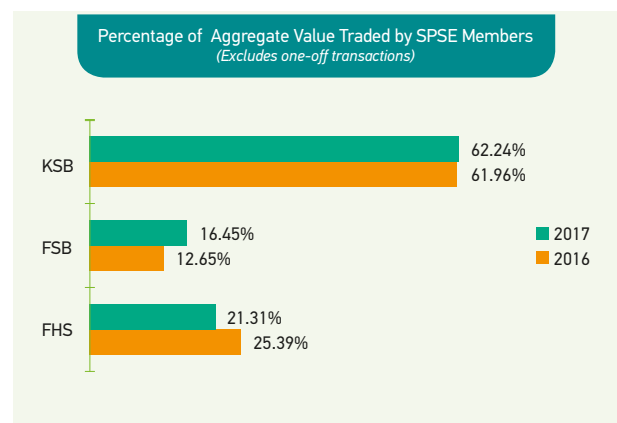
Trading Activity by SPSE Members

The bar graphs here 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 2016.

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

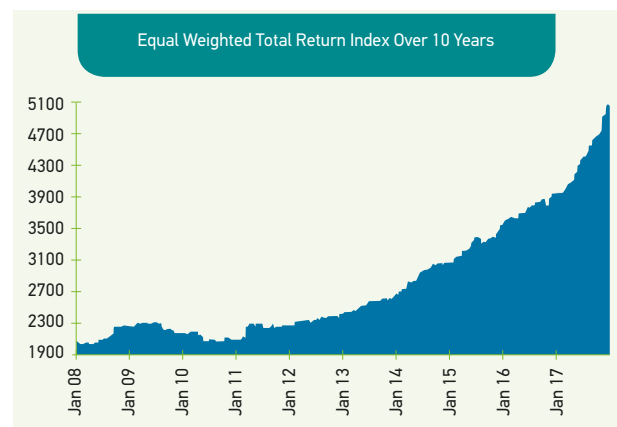
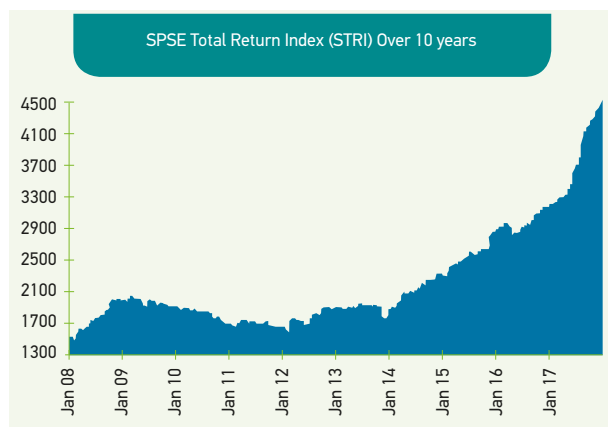
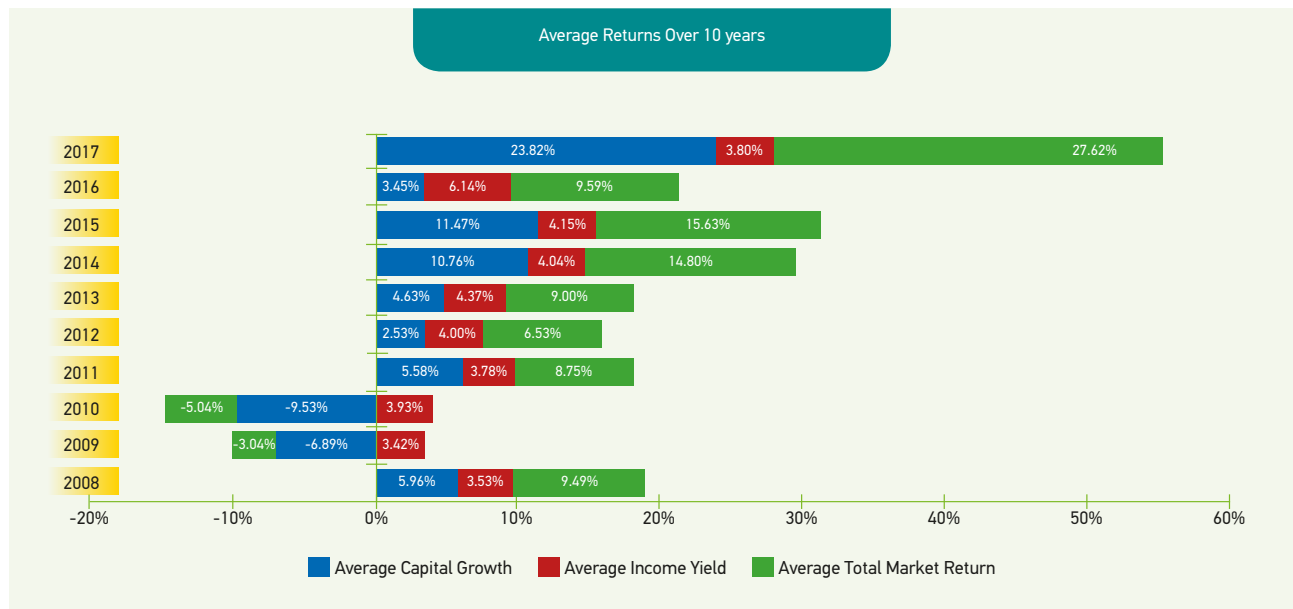
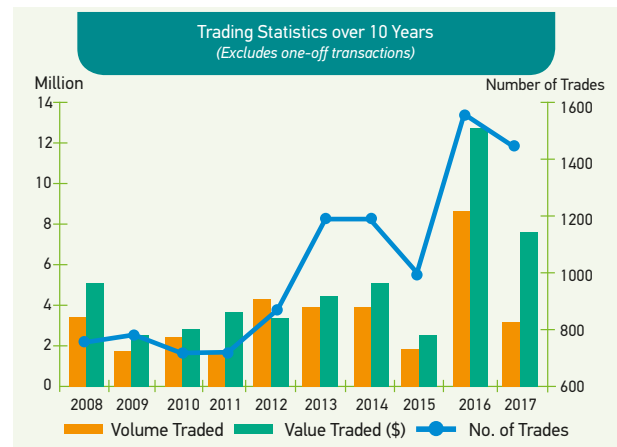
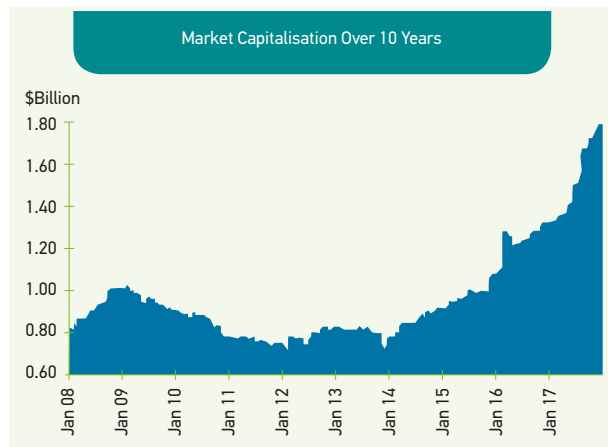


The illustration on the right excludes the one-off transactions executed on the SPSE.



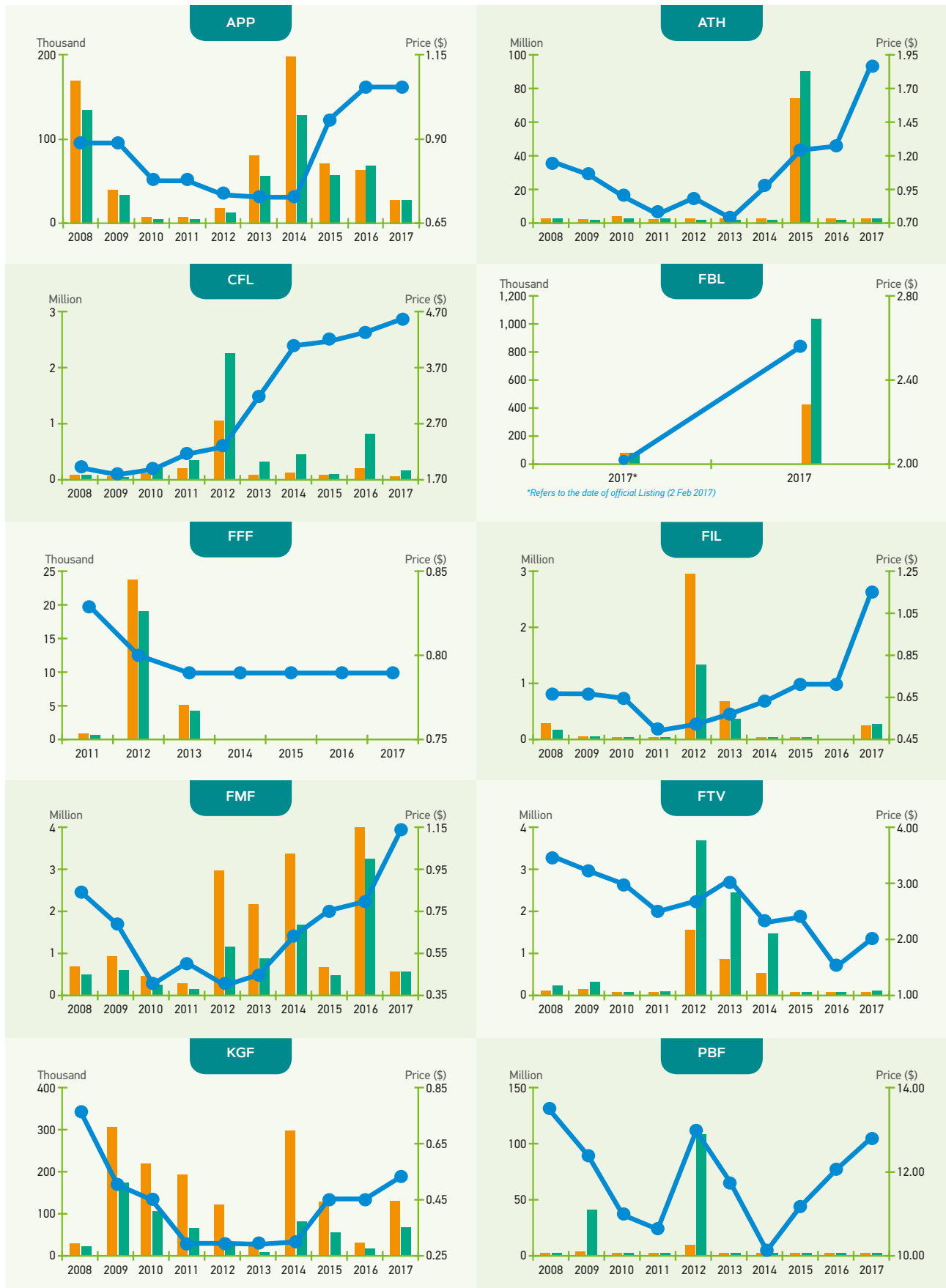
Market Statistics

Ten Year Key Market Indicators

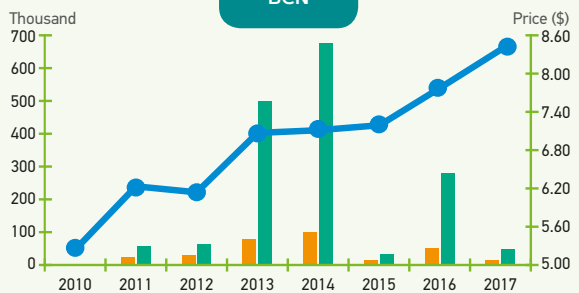
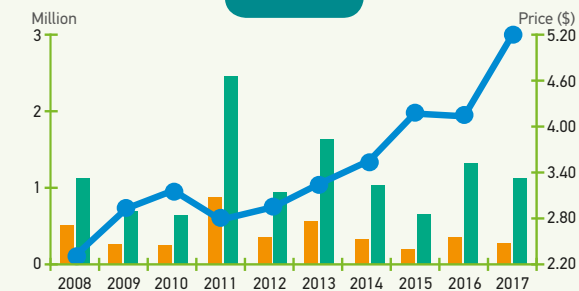
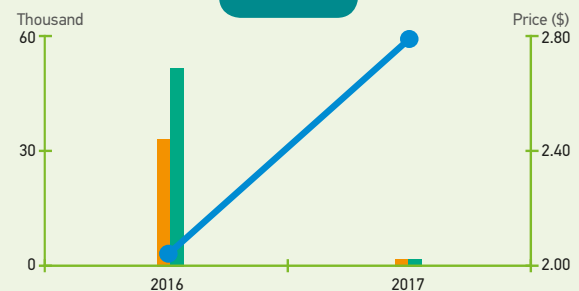
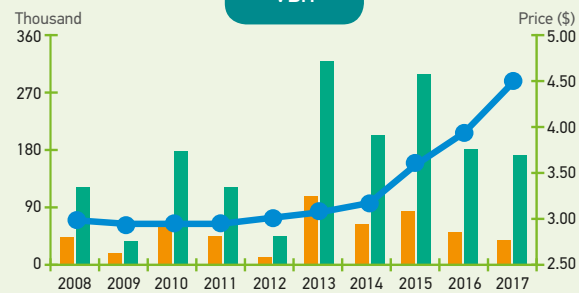
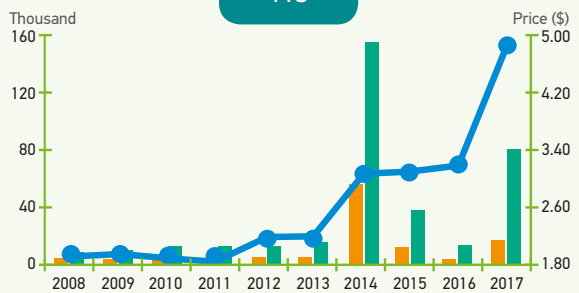
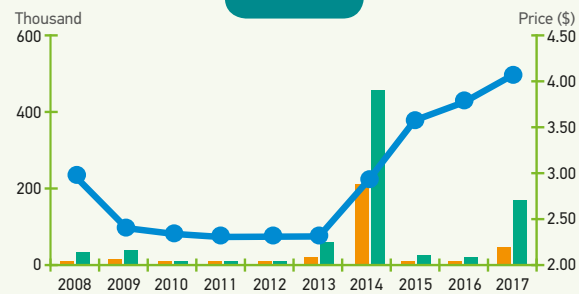
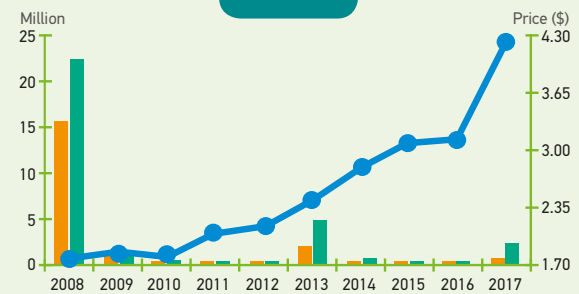
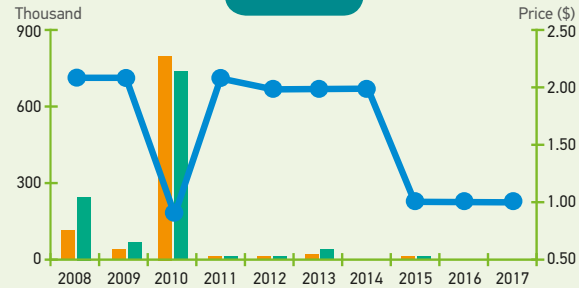
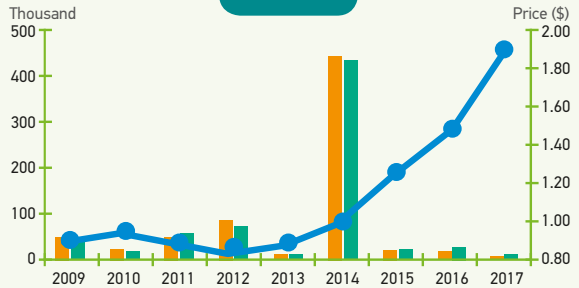


Volume traded, value traded and share price performances for listed securities over the last 10 years.

Volume Traded Value Traded (\$) No. of Trades



Volume Traded Value Traded (\$) No. of Trades



INVESTOR PROFILE



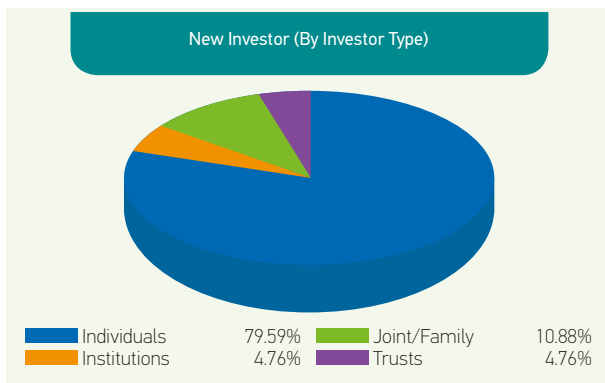
2017 Security Holders

New Investors

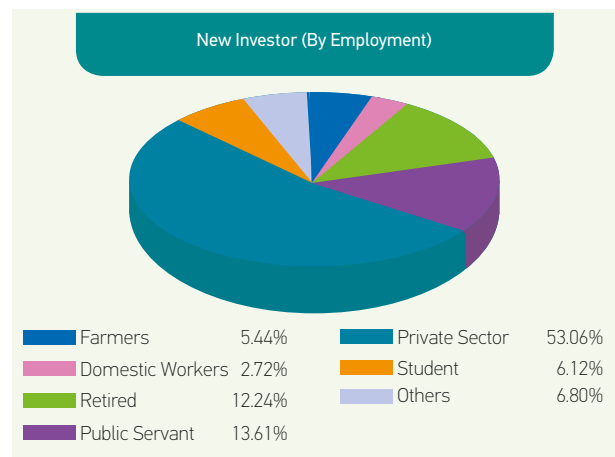
A total of 147 new investors entered the Fijian stock market in 2017. These new investors yielded 334 trades and contributed 715,554 shares in volume traded and garnered \$1,581,662 in value traded. Overall, the new investors demonstrated an impressive contribution towards the overall trading statistics for 2017 accounting for 23.29% of the overall number of trades, 24.18% of the overall volume traded and 20.99% of the overall value traded. This is demonstrated below:

Particulars	2017 New Investor Statistics		% of 2017 Aggregate
No. of New Investors	147		
No. of Trades	334		23.29%
Volume Traded	715,554		24.18%
Value Traded	\$1,581,662		20.99%

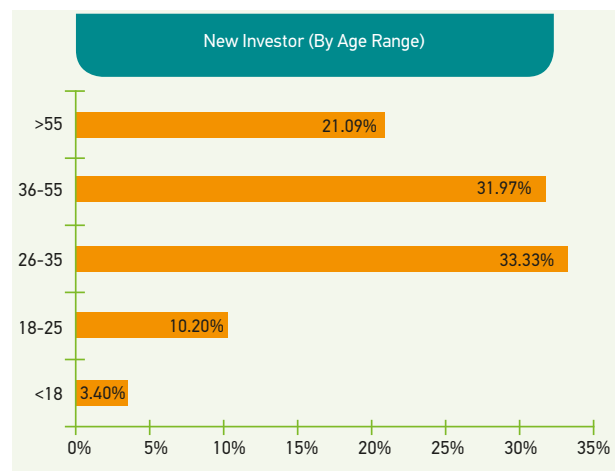
Majority of the new shareholders that invested in the listed companies during 2017 were individuals and represented 79.59% of the overall new investment by investor type. These individuals are public servants, private sector employees, domestic workers, retirees, students and farmers. A detailed illustration of new investors by type is presented below for information:



A review of the new investors by type of employment indicated that majority of the new investors recorded during 2017 were those employed in the private sector. Those employed in the public sector ranked second which is closely followed by retirees. This is illustrated:



An analysis of new investors entering the market in 2017 showed that majority of the new investors fall between the age range of 26 years to 35 years with the age range of 36 years to 55 years queueing behind. Also an interesting trend noted is that more than 50% of the new investors recorded were below the age of 35 years. This is encouraging to note as it illustrates that the young working population are now becoming financially savvy and are using the stock market as an investment mode to invest their savings and/or their hard earned earnings. A detailed illustration of the new investors by age range is portrayed below:



Distribution of Security Holding & Number of Security Holders

Security	Less than or equal to 500	501 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 1,000,000	Over 1,000,001	Total
APP	7	74	20	11	3	0	0	2	4	1	122
ATH	260	1,024	130	39	9	6	12	12	4	8	1,504
CFL	38	81	8	3	5	3	0	1	4	1	144
FBL	69	22	7	1	1	1	2	1	1	1	106
FFF	40	89	15	16	3	5	4	4	27	4	207
FIL*	13,267	42	7	6	6	0	0	1	5	2	13,336
FMF	11	103	70	77	40	17	22	34	46	9	429
FTV	218	223	10	4	1	1	2	0	3	2	464
KGF	2	77	17	13	4	3	3	5	6	1	131
PBF	337	285	17	6	2	0	0	2	1	1	651
PBP	15	42	12	5	1	0	1	2	3	2	83
PGI	16	30	0	2	1	1	0	1	3	3	57
RBG	50	173	34	13	6	0	2	4	7	6	295
RCF	17	70	6	11	1	1	0	3	2	1	112
TTS	91	43	5	1	1	1	0	1	1	2	146
VBH	43	54	6	5	1	1	3	2	4	0	119
VIL	37	159	69	23	6	0	5	1	9	9	318
FHL	314	661	67	57	18	16	11	30	15	0	1,189
BCN	40	64	2	1	0	2	3	4	4	1	121
TOTAL	14,872	3,316	502	294	109	58	70	110	149	54	19,534

Number of Resident & Non-Resident Security Holders

Security	No. of Resident Security Holders	No. of Non-Resident Security Holders
APP	114	8
ATH	1,428	76
CFL	128	16
FBL	78	28
FFF	169	38
FIL	13,327	9
FMF	340	89
FTV	420	44
KGF	120	11
PBF	500	151
PBP	79	4
PGI	48	9
RBG	275	20
RCF	99	13
TTS	78	68
VBH	97	22
VIL	308	10
FHL	1,172	17
BCN	118	3
TOTAL	18,898	636

Percentage of Free Float & Non-Free Float Security Holding

Security	Free Float	Non-Free Float
APP	14%	86%
ATH	10%	90%
CFL	21%	79%
FBL	17%	83%
FFF	28%	72%
FIL	17%	83%
FMF	29%	71%
FTV	15%	85%
KGF	40%	60%
PBF	10%	90%
PBP	10%	89%
PGI	6%	94%
RBG	19%	81%
RCF	11%	89%
TTS	6%	94%
VBH	29%	71%
VIL	10%	90%
FHL	85%	0%
BCN	25%	75%
AVERAGE	21%	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	15.85%	0.83%	0.09%	82.74%	99.50%	0.50%
ATH	422.10	1.85%	0.35%	0.03%	97.68%	99.90%	0.10%
CFL	3.56	11.33%	0.38%	0.00%	86.23%	97.93%	2.07%
FBL	2.00	1.21%	2.23%	0.04%	11.41%	14.90%	85.10%
FFF	30.31	36.46%	0.16%	0.01%	51.86%	88.50%	11.50%
FIL	8.20	7.85%	0.15%	0.00%	29.41%	37.42%	62.58%
FMF	150.00	6.64%	2.94%	0.28%	87.47%	97.34%	2.66%
FTV	10.30	2.79%	1.52%	0.07%	95.11%	99.50%	0.50%
KGF	3.58	20.28%	1.06%	0.45%	60.41%	82.21%	17.79%
PBF	10.41	3.75%	1.31%	0.11%	92.87%	98.05%	1.95%
PBP	6.60	59.61%	0.29%	0.00%	39.10%	99.01%	0.99%
PGI	7.62	0.84%	0.58%	0.00%	87.96%	89.37%	10.63%
RBG	30.00	5.41%	4.56%	0.03%	89.77%	99.78%	0.22%
RCF	6.00	4.44%	0.55%	0.18%	94.14%	99.31%	0.69%
TTS	14.03	0.29%	0.03%	0.00%	19.72%	20.05%	79.95%
VBH	2.14	42.98%	0.49%	0.09%	15.61%	59.17%	40.83%
VIL	103.77	3.42%	0.60%	0.00%	89.80%	93.81%	6.19%
FHL	10.46	18.57%	2.42%	0.59%	78.16%	99.74%	0.26%
BCN	3.06	4.29%	0.34%	0.00%	95.06%	99.69%	0.31%

Security Holding by Investor Type

Security	TYPE OF INVESTOR									
	Individual	Institution/ Company	Trust	Joint/ Family	Group/ Club	Co-operative	Mataqali	Province	Tikina	Yavusa
APP	4.55%	88.68%	5.41%	0.83%	0.00%	0.54%	0.00%	0.00%	0.00%	0.00%
ATH	0.91%	97.14%	1.67%	0.12%	0.03%	0.02%	0.00%	0.11%	0.00%	0.00%
CFL	9.28%	75.26%	12.14%	2.84%	0.49%	0.00%	0.00%	0.00%	0.00%	0.00%
FBL	8.86%	79.67%	10.51%	0.50%	0.47%	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	7.53%	91.36%	0.00%	0.54%	0.30%	0.00%	0.00%	0.28%	0.00%	0.00%
FMF	11.48%	87.53%	0.52%	0.45%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%
FTV	3.91%	95.21%	0.07%	0.63%	0.03%	0.13%	0.02%	0.00%	0.00%	0.00%
KGF	19.72%	76.80%	0.22%	3.14%	0.09%	0.00%	0.03%	0.00%	0.00%	0.00%
PBF	5.55%	94.02%	0.13%	0.25%	0.02%	0.00%	0.01%	0.02%	0.00%	0.00%
PBP	56.07%	27.64%	15.84%	0.37%	0.08%	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	7.10%	89.86%	2.27%	0.36%	0.01%	0.00%	0.04%	0.03%	0.33%	0.00%
RCF	3.46%	94.86%	0.68%	0.77%	0.07%	0.17%	0.00%	0.00%	0.00%	0.00%
TTS	0.47%	99.43%	0.00%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VBH	79.17%	8.85%	11.76%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VIL	1.79%	95.97%	1.72%	0.43%	0.00%	0.01%	0.01%	0.07%	0.00%	0.00%
FHL	15.08%	41.54%	5.55%	6.76%	2.24%	7.74%	2.88%	14.33%	3.22%	0.65%
BCN	4.13%	88.46%	5.57%	0.53%	0.00%	1.31%	0.00%	0.00%	0.00%	0.00%

DEVELOPMENT REPORT



Overview

The year under review was very engaging as the Exchange focused on delivering key outputs as per its existing three year strategic plan which came to an end in 2017. The year was also marked by certain innovative breakthroughs such as the total revamp of the traditional Annual Report Competition into a first ever comprehensive and an industry focused Annual Awards event. In essence, emphasis continued to be placed on the core operations of the Exchange and various outputs were delivered in the areas of investor education, rule amendments, market supervision and training of market players. These development activities for 2017 are narrated below.

Investor Awareness/Education

An array of ongoing investor education and market development activities have been undertaken by the

Exchange over the years to demystify the operations of SPSE and encourage people to invest in listed company shares. Some of these initiatives amongst others, comprise of target group presentations such as with corporate organisations and landowning groups, partnership with Universities to avail SPSE management as guest speakers in their finance courses, presentation to senior secondary school students, partnership with media for daily coverage of the share price and index movements, partnership with media for monthly stock market review interviews, investment seminars at various locations in the country as well as a range of investor education publications. These initiatives are undertaken with an intention to empower and raise the level of investor maturity for individuals exploring to invest in the stock market.

The Exchange in partnership with the relevant stakeholders carried out the following investor related activities in 2017:

PRESENTATIONS AND INFORMATION SESSIONS				
Investor Awareness Mediums	Investment Seminar & Stockbroker Consultation	Corporate Awareness Sessions	High School Visitations	University Visitations
Target Groups	General public willing to start in share investments	Interested staff at specific business houses.	Senior Commerce and Business students	Accounting/ Finance/Banking/ Economics 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 and process and costs of buying shares; Advantages of consistent investing and choosing the right shares based on your investment objectives; and 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 offered; Difference between saving and investing; Importance of investing and how to use share investments to achieve future financial goals; What are shares and 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 offered; Significance of investment ratios to analyse share market; Measuring trends and growth through indices and share prices; Future plans and opportunities; Corporate governance principles.
Location and Date	Nadi – 29th April 2017 Suva – 27th July 2017	<ul style="list-style-type: none"> Naselai Village landowners (in partnership with iTaukei Land Trust Board) – 13th January 2017 Commerce Commission (Suva) – 2nd May 2017 Communications Fiji Ltd – 24th May 2017 Global Harvest Holdings Ltd – 30th May 2017 Waiqanake Village landowners (in partnership with iTaukei Land Trust Board) – 31st May 2017 Fiji Rugby Players (upon invitation from Financial Management Counsellors Association of Fiji) – 27th June 2017 Housing Authority (Lautoka) – 28th June 2017 Paradise Beverages Fiji Ltd (Lautoka) – 28th June 2017 Vitieloma Youth Club (Suva) – 6th December 2017 	3 Schools over the months of July to September	<ul style="list-style-type: none"> USP 2nd year Finance course – 21st April 2017 USP 2nd year Accounting course – 11th August 2017 USP 3rd year Finance course – 17th August 2017 USP 1st year Banking and Finance course – 18th August 2017 FNU 2nd year Accounting and Finance course – 15th November 2017
Number of Attendees	Nadi– 25 attendees Suva – 60 attendees	Number of attendees in each of the sessions ranged from 15-40 individuals	Number of students from each school ranged from 15-25 students	Number of students in each class ranged from 50-90 students

MEDIA ADVERTISEMENTS	
Medium	<ul style="list-style-type: none"> • Television • Radio • Cinemas
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"> • April 2016 • June 2016 • July 2016

OTHER PUBLICATION: iTAUKEI INVESTMENT BOOKLET	
Purpose	A share investment booklet targeting the iTaukei speaking populous was formulated and published as part of SPSE's Memorandum of Understanding with the iTaukei Land Trust Board (TLTB).

Newspaper and Magazine Publications*		
Topics Covered	Publication Medium	Month Published
<ul style="list-style-type: none"> Difference between savings and investing Why invest in shares Things to consider before investing Advantages of starting to invest early and young 	Fiji Times and Fiji Sun Business Supplements	February
<ul style="list-style-type: none"> What are shares? How to buy shares in SPSE listed companies? How to register for Online Shareholder Portal 	Fiji Times and Fiji Sun Business Supplements	March
First Quarter SPSE Market Wrap-Up	Fiji Times and Fiji Sun Business Supplements	April
SPSE Listed Company Brief Update- Pleass Global Limited (PBP) and FijiCare Insurance Limited (FIL)	Fiji Sun Business Supplement	May
SPSE Listed Company Insight- Question & Answers with Free Bird Institute Limited (FBL)	Fiji Sun Business Supplement	May
SPSE Listed Company Insight- Question & Answers with Paradise Beverages (Fiji) Limited (PBF)	Fiji Sun Business Supplement	May
Launch of SPSE Annual Awards	Fiji Times and Fiji Sun Business Supplements	June
SPSE Listed Company Insight- Question & Answers with Kinetic Growth Fund Limited (KGF)	Fiji Sun Business Supplement	June
General Awareness: Managing your money	Fiji Times and Fiji Sun Business Supplements	June
2017 Half Year Review –What was and what is to be expected over the remaining year	Fiji Times and Fiji Sun Business Supplements	July
SPSE Listed Company Insight- Question & Answers with Toyota Tsusho (South Sea) Limited (TTS)	Fiji Sun Business Supplement	July
SPSE Listed Company Insight- Question & Answers with Amalgamated Telecom Holdings Limited (ATH)	Fiji Times and Fiji Sun Business Supplements	August
SPSE Annual Awards: What is new this year & Why should you be part of it	Fiji Sun Business Supplement	September
SPSE Annual Awards: Benefits to Participants, Fundamentals of SPSE Operations & Participant Testimonials	Fiji Sun Business Supplement	September
SPSE Annual Awards: Who are the Key Market Players & Their Roles	Fiji Sun Business Supplement	September
SPSE Listed Company Insight- Question & Answers with Vision Investments Limited (VIL)	Fiji Sun Business Supplement	October
SPSE Listed Company Insight- Question & Answers with Fijian Holdings Limited (FHL)	Fiji Sun Business Supplement	November
SPSE Listed Company Insight- Question & Answers with Atlantic & Pacific Packaging Company Limited (APP), FMF Foods Limited (FMF) and The Rice Company of Fiji Limited (RCF)	Fiji Sun Business Supplement	November

* In addition to the above Publications, the Exchange also publishes Weekly Stock Market Summaries, Weekly News Flash Reports and Monthly Stock Market Trading Reports for the benefit of existing and potential investors. Various other advertisements were also published in newspapers and business magazines to promote share investments as well as the functions of Central Share Registry Limited (CSRL). With support from HFC Bank, weekly stock market update is also broadcast during FBC TV's business searment on first business day of each week.



Rule Amendments

The SPSE strives to promote an efficient and a fair securities exchange by ensuring compliance with international best practices in the securities industry and also to ensure that the relevant stakeholders and market players are in compliance with the applicable laws of Fiji. With the above background, the Exchange's developments on the legal front during 2017 are described below:

Regulatory Document	Changes Implemented
Share Buy Back Guidance Note	A practical guideline has been implemented and needs to be followed by listed companies and the stockbrokers following the allowance of share buy backs by listed companies under the 2015 Companies Act of Fiji.
Articles of Association Template	In line with the 2015 Companies Act of Fiji, SPSE launched a standard Articles of Association Template for use and adoption by the listed companies. This initiative was undertaken by SPSE following a consultation session with the listed company executives. As at the end of the year, five listed companies have adopted the new Articles of Association in line with the 2015 Companies Act of Fiji.
SPSE Listing Rules	In light of the introduction of the 2015 Companies Act of Fiji, the SPSE needed to review the Listing Rules in a bid to simplify the current rules for listed entities to make compliance effective yet efficient, incentivise unlisted entities to list on SPSE through enhanced compliance with the 2015 Companies Act of Fiji, to modernise the current Listing Rules in order to align to international best practices, to incorporate certain 'must have' provisions in the Listing Rules to protect stakeholder interests and to redefine rights, powers and duties of SPSE as the frontline regulator of the stock market. The amended rules had been sent for market comments during December 2017.

Education & Training for Market Players

Relevant trainings present a prime opportunity for stakeholders to actively respond to any changes in the industry they operate in. Given the divergence of the capital market operations, it is necessary for SPSE as the front-line regulator to facilitate appropriate trainings for the listed company representatives as well as the stockbrokers.

During 2017, the following trainings were provided for the benefit of the stakeholders.

Topics Covered	Attendees	Date	Facilitator
Valuing Equity Securities	<ul style="list-style-type: none"> Stockbrokers Listed company personnel Representatives from banks, financial institutions and provincial companies 	24th August 2017	Professor Erik Larson – Macalaster College in Minnesota, United States of America
Standards of Good Practice for Boards & Directors ensuring compliance with the Companies Act 2015	<ul style="list-style-type: none"> Listed company personnel SPSE Directors Representatives from other corporate organisations 	15th November 2017	Ms Wati Seeto – Manager Legal, Reserve Bank of Fiji

Market Supervision

An inventive market supervision framework is necessary to ensure the successful operation of a stock market and as such, the initiatives of the Exchange in terms of its supervisory role during the year were linked to the continued efforts of the SPSE focusing on facilitating the orderly, efficient, transparent and timely trading of securities as well as 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 2017.

Number of Market Surveillance enquiries lodged with licensed stockbroking firms	Six market surveillance enquiries were lodged by the SPSE with licensed stockbroking firms in 2017. Four issues surfaced consequent to share price movements of greater than 10% and post surveillance it was concluded that there was sufficient quantifiable justification for the share price movement and that trades were executed appropriately. Moreover, two issues related to a potential Insider Trading case was recorded with one case also having an element of an increase in share price. While one of the issues concluded that the transactions contained no discrepancies and were executed at arm's length and on the basis of public information the other issue resulted in the cancellation of the trade.
Onsite Examinations	One onsite examination was carried out by SPSE at Kontiki Stockbroking Limited (KSB) for a potential case of identity theft of a KSB client. The matter was also referred to the Financial Intelligence Unit of the Reserve Bank of Fiji (RBF) and the findings remain with the RBF for final assessment.
Number of trading halts/suspensions	Three trading suspensions were placed in listed company shares in 2017. Two of these trading suspensions were placed on a voluntary basis; one for Fijian Holdings Limited (FHL) and the other one for FijiCare Insurance Limited (FIL) while a trading suspension was initiated by SPSE for Fiji Television Limited (FTV) shares following a surge in share price by greater than 10% during January 2017.
Listed companies fined for non-compliance with SPSE Listing Rules	Future Forests (Fiji) Limited (FFF) was fined for non-compliance with SPSE Listing Rules for a delay in submission of audited financial statements.
Number of brokers fined for non-compliance with SPSE Business Rules	Nil

Annual Awards

Given the significant role played by stock markets in the overall financial sector, the SPSE had always maintained a lookout for inventive ways to host an awards event that could assist us in maintaining our relevance, be relatable to our industry and an event that could essentially add value to our overall operations. With this background and thought and in a bid to improve the standard of reporting and presentation of Annual Reports by both listed and unlisted organisations, the more than a decade and traditionally organised Annual Report Competition (ARC) awards was revamped into a comprehensive and an all-inclusive awards event during 2017, called the Annual Awards. The two major categories were the Annual Report Awards and the Grand Awards. The highly profiled and the signature event for the entire capital market industry was held at the Grand Pacific Hotel in Suva on 6th October 2017 and the Chief Guest for the event was the Attorney General and Minister for Economy, Public Enterprises, Civil Service & Communications, Honourable Aiyaz Sayed-Khaiyum.

The main objective of the [Annual Report Awards](#) was to assess, evaluate and reward Annual Reports for both listed companies and unlisted organisations by focusing on design, presentation and content of the report and how best relevant information has been portrayed for ease of stakeholder understanding and referencing. During the assessment period, the judging panel also identified that certain Annual Reports were outstanding in other key aspects of reporting and as such two special awards were given in recognition for these Annual Reports. The winners under this category are summarised below:

ANNUAL REPORT AWARDS			
Listed Companies Category		Unlisted Organisations Category	
Award Name	Award Recipient	Award Name	Award Recipient
Best Design & Presentation	Fijian Holdings Limited	Best Design & Presentation	Fiji Development Bank
Best Content	Amalgamated Telecom Holdings Limited	Best Content	Fiji National Provident Fund
Special Award (for quality reporting as a new entrant)	Free Bird Institute Limited	Special Award (for design, presentation & exceptional standard of comprehensiveness in content)	Airports Fiji Limited

Winners of the Annual Report Awards posing with their credentials



The main objective of the *Grand Awards* was to recognise and reward our industry participants, namely; investors, investment advisers, stockbrokers and the listed companies. The Grand Awards was the highlight of the event as the SPSE also handed out two individual recognition awards under this category. Special awards were given in recognition of the contribution made by two individuals; a representative from the stockbroking industry and a representative from the listed companies for their individual excellence and the difference they have made towards the development of the entire stock market as well as for their own organisation. The winners under this category are summarised as follows:

GRAND AWARDS	
Award Name	Award Recipient
Retail Investor of the Year	Mr. Josefa Cakau & Mrs. Ulamila Cakau
Institutional Investor of the Year	Drola Vanuakula Investment Limited
Investment Advisor of the Year	Kontiki Capital Limited
Stockbroker of the Year	FijiStock Brokers Limited
Listed Company of the Year	Communications (Fiji) Limited
Special Award: Stockbroker with a Shining Star	Mr. Esrom Immanu'el (Manager, FijiStock Brokers Limited)
Special Award: Rising Star of 2017	Ms. Karen Lobendahn (CEO, Fiji Television Limited)

Winners of the Grand Awards posing with their credentials



SOUTH PACIFIC STOCK EXCHANGE LIMITED
AND SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



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 holding company) and of the group as at 31 December 2017, the related statements of profit or loss and other 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	Dr Roland Schultz
Mr Steven Pritchard	Mr Saiyad Hussain
Mr Bhupendra Solanki	Mr Griffon Emose
Mr Nouzab Fareed	

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 and to non-listed companies, respectively.

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 \$52,533 (2016: \$136,449).

The consolidated profit after income tax attributable to the members of the company for the financial year was \$81,205 (2016: \$141,206).

Dividends

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

Basis of Accounting – Going Concern

The financial statements of the company and the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the company and the group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

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 group, inadequate to any substantial extent.

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.

DIRECTORS' REPORT [CONT'D]

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 and 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

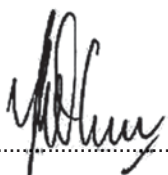
Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements 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 4th day of April 2018.


.....

Director


.....

Director

DIRECTORS' DECLARATION

The declaration by directors is required by the Companies Act, 2015.

The directors of the company have made a resolution that declares:

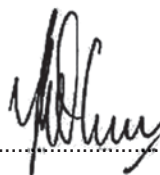
- a) In the opinion of the directors, the financial statements of the company and the group for the financial year ended 31 December 2017:
- i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the company and the group as at 31 December 2017 and of the performance and cash flows of the company and the group for the year ended 31 December 2017; and
 - ii. have been prepared in accordance with the Companies Act, 2015;
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the company and the group will be able to pay its debts as and when they become due and payable.

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

Dated this 4th day of April 2018.



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

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SOUTH PACIFIC STOCK EXCHANGE LIMITED

As auditor for the audit of South Pacific Stock Exchange Limited and Subsidiary Company for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS
4 April 2018



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 South Pacific Stock Exchange Limited and subsidiary company (the group), which comprise the statements of financial position as at 31 December 2017, and the statements of profit or loss and other 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 2017, 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 Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 or 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. Misstatements can arise from fraud and 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 the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of South Pacific Stock Exchange Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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.
- 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 financial information of the entity or business activities within the group to express an opinion on the group 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.

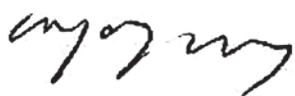
Report on Other Legal and Regulatory Requirements

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



Wathsala Suraweera
Partner
Suva, Fiji
4 April 2018

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	2.1	338,770	538,047	268,501	477,454
Other income	2.2	528,541	329,379	484,963	325,302
Total revenue		867,311	867,426	753,464	802,756
Depreciation and amortisation		(38,897)	(28,915)	(13,969)	(17,004)
Staff and employee benefits	2.3	(294,904)	(309,822)	(294,904)	(309,822)
Operating expenses	2.4	(429,992)	(350,268)	(373,195)	(303,484)
Profit before income tax		103,518	178,421	71,396	172,446
Income tax expense	3.1	(22,313)	(37,215)	(18,863)	(35,997)
Net profit after income tax		81,205	141,206	52,533	136,449
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		81,205	141,206	52,533	136,449

The accompanying notes form an integral part of this Statements of Profit or Loss and other Comprehensive Income.

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Accumulated Profits					
Balance at the beginning of the year		664,327	523,121	664,153	527,704
Net profit after tax		81,205	141,206	52,533	136,449
Balance at the end of the year		745,532	664,327	716,686	664,153
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		865,532	784,327	836,686	784,153


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

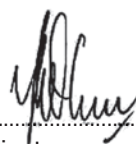
SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Current assets					
Cash at bank	4	236,011	150,327	171,745	100,670
Cash in dividend trust account	5	308,697	792,995	-	-
Trade and other receivables	6.1	35,624	17,024	34,436	24,649
Held to maturity investments	7.1	135,391	305,296	135,391	305,296
Financial Assets - Units in Unit Trust of Fiji	8.1	400,000	-	-	-
Advance tax	3.3	24,764	-	25,429	-
Prepayments		60,779	61,039	58,367	60,452
Total current assets		1,201,266	1,326,681	425,368	491,067
Non-current assets					
Financial Assets - Units in Unit Trust of Fiji	8.2	170,547	165,000	170,547	165,000
Held to maturity investments	7.2	200,000	-	200,000	-
Investment in subsidiary	9	-	-	50,000	50,000
Plant and equipment	10	26,921	34,053	24,073	31,457
Intangibles (ShareSoft)	11	137,972	149,873	-	-
Trade and other receivables	6.2	-	-	121,724	142,734
Deferred tax asset	3.2	1,901	1,901	1,901	1,901
Total non-current assets		537,341	350,827	568,245	391,092
Total assets		1,738,607	1,677,508	993,613	882,159
Current liabilities					
Trade and other payables	12	44,351	38,371	41,864	36,868
Deferred income	14	111,709	32,718	107,386	29,927
Trust funds for dividend payable		709,338	793,635	-	-
Current Tax liability	3.3	-	18,080	-	20,834
Employee benefit liability	13	7,677	10,377	7,677	10,377
Total current liabilities		873,075	893,181	156,927	98,006
Total liabilities		873,075	893,181	156,927	98,006
Net assets		865,532	784,327	836,686	784,153
Shareholders' funds					
Share capital	15	120,000	120,000	120,000	120,000
Accumulated Profits		745,532	664,327	716,686	664,153
Total shareholders' equity		865,532	784,327	836,686	784,153

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

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


.....
Director


.....
Director

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Operating activities					
Receipts from customers		545,313	631,500	491,701	591,211
Government grant		391,892	336,889	334,474	303,135
		937,205	968,389	826,175	894,346
Payments to suppliers and employees		(749,241)	(744,630)	(665,386)	(678,926)
1% Transitional tax on Undistributed Profits		(4,616)	(678)	(4,584)	(655)
Income tax paid		(60,542)	(12,660)	(60,542)	(12,660)
Net cash flows provided by Operating Activities		122,806	210,421	95,663	202,105
Investing activities					
Payment for plant and equipment		(7,364)	(23,419)	(6,585)	(23,419)
Acquisition of Intangible asset		(12,500)	(18,105)	-	-
Proceeds from withdrawal of term deposits		170,000	-	170,000	-
Proceeds from sale of plant and equipment		20	90	20	90
Payments for investment		(202,973)	(345,094)	(202,973)	(345,094)
Interest received		11,977	12,099	11,977	12,099
Dividends Received		3,718	-	2,973	-
Net cash flows used in Investing Activities		(37,122)	(374,429)	(24,588)	(356,324)
Financing Activities					
Shareholder Advance		-	-	-	(52,626)
Net cash flows used in Financing Activities		-	-	-	(52,626)
Net increase / (decrease) in cash and cash equivalent		85,684	(164,008)	71,075	(206,845)
Cash and cash equivalents at 1 January		150,327	314,335	100,670	307,515
Cash and cash equivalents at 31 December	4	236,011	150,327	171,745	100,670

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

1. CORPORATE INFORMATION

The South Pacific Stock Exchange Limited is a limited liability company incorporated and domiciled in Fiji. The financial statements of South Pacific Stock Exchange Limited and subsidiary company for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 4 April 2018.

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

1.1 Basis of preparation

The company and 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 company and 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 and with the requirements of the Companies Act, 2015.

Basis of consolidation

The group's 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.

Presentation and Functional Currency

The companies in the group operate in Fiji and hence the financial statements are presented in Fiji dollars, which is the companies functional and presentation currency.

1.2 Significant accounting judgments, estimates and assumptions

In application of the company's and group's accounting policies, which are described in Note 1.3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

1.2 Significant accounting judgments, estimates and assumptions continued

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, none of the estimates and assumptions have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future.

1.3 Summary of significant accounting policies

A summary of the significant accounting policies adopted by the company and 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 receivables, held-to-maturity investments and investment in Unit Trust of Fiji, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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. Subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

Held-to-maturity investments in financial institutions by the group are recorded at their amortised cost and not re-measured to market values as they are considered likely to be held to maturity in line with investment objectives and fixed price nature of the investments.

Investment in Unit Trust of Fiji

Purchase of units in Unit Trust of Fiji is classified as financial assets. Dividend are recognised in the statement of profit or loss when the company's right to receive payment is established.

1.3 Summary of significant accounting policies continued

(b) Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise of cash on hand and cash in bank and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(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 statements of profit or loss. 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 statements of financial position and related funds are maintained in a separate bank account which is recorded as an asset "Cash in dividend trust account" and invested in Unit Trust of Fiji by way of units.

(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 statements of 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 statements of profit or loss.

(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.

1.3 Summary of significant accounting policies continued

(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 transactions

Transactions and balances

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of profit or loss.

(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 statements of profit or loss 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 operate and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. 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.

1.3 Summary of significant accounting policies continued

(k) Taxes continued

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:

- 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.

1.3 Summary of significant accounting policies continued

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.

(n) Leased Assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as Lessee

Operating lease payments are recognised as an expense on a straight – line basis over the lease term except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.4 Changes in accounting policies

Amendments to standards and annual improvements effective from 1 January 2017

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 January 2017. However, none have a material effect on the company's and group's financial statements.

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 December 2017

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

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

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
2. OPERATING PROFIT				
2.1 Revenue				
Annual listing fees	162,340	157,182	162,340	157,182
Distribution fees	24,382	22,921	-	-
Registry maintenance fees	42,528	37,172	-	-
Listing Application Fees	10,936	4,470	10,936	4,470
Membership fees	15,000	15,000	15,000	15,000
Private transfer fees	950	700	950	700
Subsequent Listing	2,000	6,000	2,000	6,000
SPSE facility fee	72,167	287,352	72,167	287,352
Fines and Penalties	5,108	6,750	5,108	6,750
Entry Fees	3,359	500	-	-
	<u>338,770</u>	<u>538,047</u>	<u>268,501</u>	<u>477,454</u>
2.2 Other income				
Annual government grant	312,901	317,190	257,015	286,227
Management fees	-	-	23,133	26,885
Interest earned	12,073	12,099	12,073	12,099
Dividend earned	13,752	-	5,547	-
Annual Awards (a)	130,895	-	130,895	-
Training Income (a)	46,375	-	46,375	-
Miscellaneous income	12,545	90	9,925	90
	<u>528,541</u>	<u>329,379</u>	<u>484,963</u>	<u>325,302</u>

a) Annual awards and training income includes registration fees, sponsorship cash and in kind and ticket sales.

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
2.3 Staff and employee benefits				
Directors fees	19,905	27,675	19,905	27,675
Salary and wages	206,016	223,108	206,016	223,108
FNPF contribution	21,136	22,102	21,136	22,102
FNU contribution	2,366	2,457	2,366	2,457
Insurance	10,252	11,840	10,252	11,840
Training and development	28,657	19,697	28,657	19,697
Travelling expenses	6,572	2,943	6,572	2,943
	294,904	309,822	294,904	309,822
2.4 Operating expenses				
Auditor's remuneration - audit services	11,200	9,600	7,400	6,600
Auditor's remuneration - other services	4,883	2,747	3,769	1,521
Annual Awards	121,664	5,182	121,664	5,182
Data Backup	8,274	9,384	5,770	6,777
Electricity	4,230	7,508	2,900	5,147
Insurance	2,924	2,937	2,360	2,458
Investor education program	37,030	50,404	37,030	50,404
Marketing and branding	1,707	2,233	1,707	2,233
RBF licence	6,159	7,526	6,159	7,526
Regional expansion	606	9,139	606	9,139
Rent	48,658	43,290	33,357	29,677
Repair and maintenance	7,176	3,057	7,176	3,011
Sub-licensing fee - NSX	92,401	120,420	92,401	120,420
Online Registry & ESS	11,814	4,523	-	-
Other Operating Expenses	71,266	72,318	50,896	53,389
	429,992	350,268	373,195	303,484

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 2017 and 2016 is as follows:

Accounting profit before income tax	103,518	178,421	71,396	172,446
Prima facie tax expense thereon at 20%	20,703	35,684	14,279	34,489
Tax effect of non-deductible expenses	-	853	-	853
Recoupment of prior year unrecognised tax losses	(3,006)	-	-	-
1% transitional tax on undistributed profit	4,616	678	4,584	655
Income tax expense	22,313	37,215	18,863	35,997

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
3.2 Deferred tax asset				
Provision for employees entitlement	1,698	2,075	1,698	2,075
Difference in the cost base of plant and equipment for tax and accounting purpose	203	(174)	203	(174)
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	(18,080)	5,797	(20,834)	1,848
Income Tax paid	60,542	12,682	60,542	12,682
Withholding Tax Paid	-	633	-	633
Tax Liability for the current year	(17,698)	(37,192)	(14,279)	(35,997)
Balance at the end of the year	24,764	(18,080)	25,429	(20,834)

4. CASH AND CASH EQUIVALENTS

Cash at bank	235,761	150,077	171,495	100,420
Cash on hand	250	250	250	250
	236,011	150,327	171,745	100,670

5. Cash in dividend trust account

	308,697	792,995	-	-
	308,697	792,995	-	-

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". During the year ended 31 December 2017, \$400,000 dividends unclaimed by shareholders has been invested in Unit Trust of Fiji by the subsidiary company.

6. TRADE AND OTHER RECEIVABLES

6.1 Current

Owing by Central Share Registry Limited	-	-	9,000	14,208
Accrued Revenue	22,842	6,581	22,107	6,581
VAT Receivable	949	4,598	-	-
Other Receivables	11,833	5,845	3,329	3,859
	35,624	17,024	34,436	24,649

6.2 Non-Current

Owing by Central Share Registry Limited	-	-	121,724	142,734
	-	-	121,724	142,734

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

SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. HELD-TO-MATURITY INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
7.1 Current				
Term deposits (a)	135,391	305,296	135,391	305,296
7.2 Non - Current				
Investment in government Viti bonds (b)	200,000	-	200,000	-

(a) Term deposits are placed at Merchant Finance Limited and Westpac Banking Corporation and earn interest at 2% to 4.25%. The deposits are typically held for 12-month term.

(b) Government Viti bonds are held for 5 years term maturing on 30 June 2021 and earns interest at a rate of 4%.

8. FINANCIAL ASSETS - UNITS IN UNIT TRUST OF FIJI

8.1 Current				
400,000 units @ \$1 each (Income Fund) (a)	400,000	-	-	-
8.2 Non- Current				
Units in Trust of Fiji (Income Fund)	170,547	165,000	170,547	165,000

(a) The subsidiary company has invested unclaimed dividends in Unit Trust of Fiji in accordance with the terms of agreement between the company and the listed and unlisted companies for which share registry services are provided. Schedule A (3) of the agreement states that the subsidiary company "shall withdraw any moneys unclaimed by security holders from the dividend account for the purpose of making an investment of such moneys". On the basis of the agreement and internal guidelines, the board approved investment of unclaimed dividends held in Dividend Trust Account amounting to \$400,000 in Unit Trust of Fiji.

9. INVESTMENT IN SUBSIDIARY

Investment in Central Share Registry Limited	-	-	50,000	50,000
--	---	---	--------	--------

The company holds 100% shares in Central Share Registry Limited.

10. PLANT AND EQUIPMENT

Group	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
Cost:	\$	\$	\$	\$	\$
At 1 January 2017	57,000	46,080	46,721	179,693	329,494
Additions	-	-	-	7,364	7,364
At 31 December 2017	57,000	46,080	46,721	187,057	336,858
Accumulated Depreciation:					
At 1 January 2017	57,000	28,348	44,944	165,149	295,441
Depreciation for the year	-	2,417	551	11,528	14,496
At 31 December 2017	57,000	30,765	45,495	176,677	309,937
Net written down value:					
At 31 December 2017	-	15,315	1,226	10,380	26,921
At 1 January 2017	-	17,732	1,777	14,544	34,053

10. PLANT AND EQUIPMENT (CONT'D)

<u>Company</u>	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
Cost:	\$	\$	\$	\$	\$
At 1 January 2017	57,000	42,730	46,721	133,452	279,903
Additions	-	-	-	6,585	6,585
At 31 December 2017	57,000	42,730	46,721	140,037	286,488
Accumulated Depreciation:					
At 1 Jan 2017	57,000	27,593	44,944	118,909	248,446
Depreciation for the year	-	2,063	551	11,355	13,969
At 31 December 2017	57,000	29,656	45,495	130,264	262,415
Net written down value:					
At 31 December 2017	-	13,074	1,226	9,773	24,073
At 1 January 2017	-	15,137	1,777	14,543	31,457

11. INTANGIBLE ASSETS

	Group	Company
Cost:	\$	\$
At 1 January 2017	409,940	248,510
Additions	12,500	-
At 31 December 2017	422,440	248,510
Accumulated amortisation		
At 1 January 2017	260,067	248,510
Amortisation charge for the year	24,401	-
At 31 December 2017	284,468	248,510
Net written down value:		
At 31 December 2017	137,972	-
At 1 January 2017	149,873	-

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
12. TRADE AND OTHER PAYABLES				
Current				
Owings to Central Share Registry	-	-	4,712	3,042
Accrued expenditure	40,929	37,454	33,730	32,909
Sundry creditors	3,422	917	3,422	917
	44,351	38,371	41,864	36,868

13. EMPLOYEE BENEFIT LIABILITY

Annual leave entitlements

Balance at 1 January	10,377	5,426	10,377	5,426
Arising during the year	10,068	12,086	10,068	12,086
Utilised	(12,768)	(7,135)	(12,768)	(7,135)
Balance at 31 December	7,677	10,377	7,677	10,377

14. DEFERRED INCOME

Grant income

Balance at 1 January	32,718	13,019	29,927	13,019
Grant received during the year	391,892	336,889	334,474	303,135
Release to statement of profit or loss	(312,901)	(317,190)	(257,015)	(286,227)
Balance at 31 December	111,709	32,718	107,386	29,927

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

15. SHARE CAPITAL

Issued and Paid up Capital

8 ordinary shares	120,000	120,000	120,000	120,000
-------------------	---------	---------	---------	---------

16. CAPITAL COMMITMENTS

Approved but committed	-	3,544	-	3,544
Approved but uncommitted	69,155	20,000	69,155	20,000

17. OPERATING LEASE COMMITMENTS

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating lease rentals in respect of rental of office premises and data backup are as follows:				
Not later than one year	52,777	50,035	52,777	50,035
Later than one year but not later than five years	21,755	74,531	21,755	74,531
	<u>74,532</u>	<u>124,566</u>	<u>74,532</u>	<u>24,566</u>

17.1 Management fee commitment

Management fees are charged on a monthly basis to the subsidiary company, Central Share Registry Limited for management services provided by the company.

18. RELATED PARTY TRANSACTIONS

18.1 Net owing by related companies

Owing by Central Share Registry Limited	130,724	156,942
Owing to Central Share Registry Limited	<u>4,712</u>	<u>3,042</u>

18.2 Transactions with related parties

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

Income

Management fees	<u>23,133</u>	<u>26,885</u>
-----------------	---------------	---------------

During the financial year, the company had various 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 Griffon Emose
Dr Roland Schultz	Mr Nouzab Fareed
Mr Josua Satavu (Resigned: 5th July 2017)	Mr Saiyad Hussain

Directors' fees and allowance	<u>19,905</u>	<u>27,675</u>	<u>19,905</u>	<u>27,675</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 and Manager Operations (2016: 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 2017 and 2016 was:

	2017	2016
	\$	\$
Salaries and other short-term employee's benefits	171,242	164,803

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 and government bonds. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For reinvestment of deposits and bonds, 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.

19.1 Financial risk factors continued

(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.

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 are 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: 5 (2016: 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 to listed companies and non-listed companies, respectively. 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.

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 Kesaia Bula 2) Ms Joana Saqalagilagi 3) Mr Viliame Cakacaka 4) Mr Epeli Vakatawa	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	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) Ms Neezarat Ali 3) Mr David Oliver	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 ADVISERS

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 Adviser Representatives 1) Mr Nouzab Fareed 2) Ms Priscilla Greig 3) Mr Abilash Ram 4) Mr Avish Bahadur	4) BDO CORPORATE FINANCE (FIJI) LTD BDO, Level 10 FNPF 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 Adviser Representatives 1) Mr Nalin Patel 2) Mr Pradeep Patel	7) PRICEWATERHOUSECOOPERS ADVISORY LTD PricewaterhouseCoopers, 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 Adviser Representatives 1) Mr Jerome Kado 2) Ms Jenny Seeto 3) Mr Nitin Ghandhi 4) Mr Kaushick Chandra 5) Mr Chirk Yam
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 Adviser Representatives 1) Mr Esrom Immanu'el 2) Mr Steven Pritchard 3) Mr Brett Hall 4) Mr Enzo Pirillo	5) KPMG ADVISORY (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 Adviser Representatives 1) Ms Lisa Apted 2) Mr Michael Yee Joy 3) Mr Steven Nutley	8) MR DEVEN MAGAN 53 Augustus Street, Toorak, Suva PO Box 238, Suva Phone: (679) 9995 822 Fax: (679) 3308 773 Email: devenmagan@gmail.com
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 Adviser 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): +61 410 520 416 Phone (Fiji): (679) 3100 071 E-mail: j.ridgway@pln.com.au j.prasad@plnadvisory.com Licensed Investment Adviser Representatives 1) Mr John Ridgway 2) Ms Jinita Prasad	9) MR NAPOLIONI BATIMALA 228 Stoddart Street, Muanikau PO Box 14213, Suva, Fiji Phone: (679) 9999 412 E-mail: nbatimala@gmail.com
		10) MR PRAFUL PATEL 101 Vitogo Parade, Lautoka PO Box 170, Lautoka Phone: (679) 6650 806 E-mail: patels@patelandassociates.com.au
		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



South Pacific Stock Exchange

Level 2, Provident Plaza 1, 33 Ellery Street, Suva
Mailing Address: GPO Box 11689, Suva Fiji
Phone: (679) 3304 130, 3313 764 | Email: info@spse.com.fj
Facebook: facebook.com/spse.15 | Web: www.spse.com.fj