

Stock Market Monthly Report

January 2009

Maldives Stock Exchange

The government has stated that its policy is to divest itself of state owned companies and to distance itself from the management of those companies that it owns. The Stock Exchange has been discussing with government its plans for pursuing this policy and the way this might be achieved. The plans are likely to include more public offers of shares to the general public, joint ventures with strategic partners and restructuring. On 4 Jan 2009 TVM interviewed the Stock Exchange manager Mr. Ibrahim Nasir regarding the possibilities of more state owned companies going public and the advantages this will bring to the public.

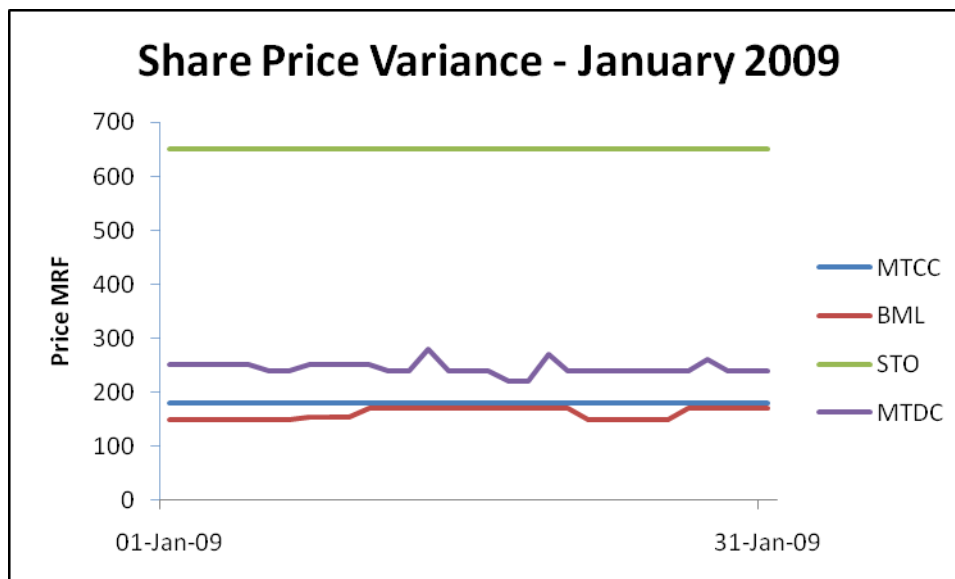
Transparency Maldives conducted a survey on how transparent companies are in Maldives. Stock Exchange manager was interviewed by the survey team on 04 January 2009. The result of the survey is supposed to be released in April 2009.

TVM has started a weekly business program called “Manfa” and the Stock Exchange Senior Officer Ameenullah Naseer participated on the program which was aired on 13 January 2009.

On 18 January 2009 the Auditor General’s Office released a report regarding Bank of Maldives (BML). The reports in the media implied that the bank might be in serious financial difficulties. In order to protect investors in accordance with international practice, the Stock Exchange temporary halted trading of BML shares on 19 January 2009. The temporary trade halted was lifted on 21 January 2009 once the bank had issued its press release setting out the facts. (See Trust in the Capital Market below). This action was supported by CMDA and explained to the media in interviews with the press and TV.

Market Review

Between 1st January 2009 and 31st January 2009, 1397 shares were traded in 33 trades. The total value of shares traded till 31st January 2009 reached MRF 59,559,238. Market Capitalization at the end of January is MRF 2.3 billion.



Listed Company	Traded Value (MRF)	Monthly Highest Traded Price	Monthly Lowest Traded Price
MTCC	-	-	-
BML	65,450	170	150
STO	65,000	650	650
MTDC	239,600	280	220

Trust in the Capital Markets

An essential ingredient for a successful capital market is trust. Issuing companies and investors are the customers of the capital market and they will only use the market if it is transparent, fair and free from bad practices, misinformation, deceit and fraud. Investors must trust their brokers to provide good advice and to deal for them on equal terms with their other clients, showing no preferences. They depend on companies to be transparent and provide accurate information in a timely fashion so that everybody makes investment decisions on the best information available. The Stock Exchange has a regulatory role in making this happen.

Last week, following the Auditor General's report on loans made by the Bank of Maldives there were reports in the media which interpreted aspects of the report in a way which might have scared investors to sell their BML shares or dissuade them from buying them before they had the full facts. We at the Stock Exchange were concerned that investors should get the facts before making investment decisions.

We contacted the Bank who said that they would be making a press release. The correct action on our part, therefore, was to halt trading on Monday 19 January 2009 until this was available so that investors would not trade without the facts. Trading recommenced on Wednesday and there has been no significant movement in the share price. This action is part of the routine procedures for maintaining a high level of trust in the capital market.