

Securities Trading Floor

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



“STF WISHES A SAFE AND PROSPEROUS HAPPY NEW YEAR TO THE INVESTORS”

(Maldives Stock Exchange)
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Stock Market Monthly Report

January 2006.

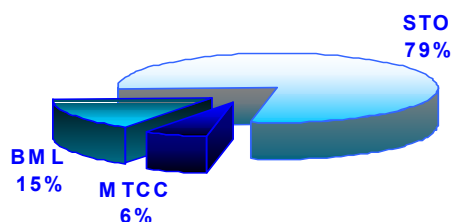
Market Review (January 2006)

During the month, a turnover of Rf210,913 was recorded at the stock market registering a decline of around 73 percent against the previous month's figure of Rf794,220. Moreover, a total of 19 trades were concluded through the STF, with an average daily trading turnover of Rf11,717. A sum of 253 shares was traded which consist of 199 shares of STO, 38 shares of BML and 16 shares of MTCC.

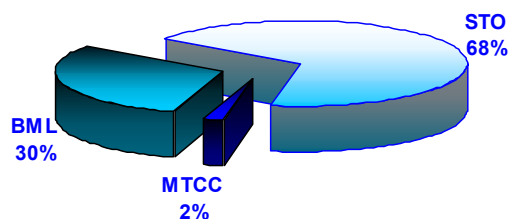
The MASIX closed at 108.78 points depreciating 3.9 percent against the previous month's closing value of 113.24. Inclusive of the months trading turnover, the total cumulative trading turnover of the STF has reached to Rf6,140,910 while the market capitalization as at end of the month was Rf1,069,390,000.

Market Statistics

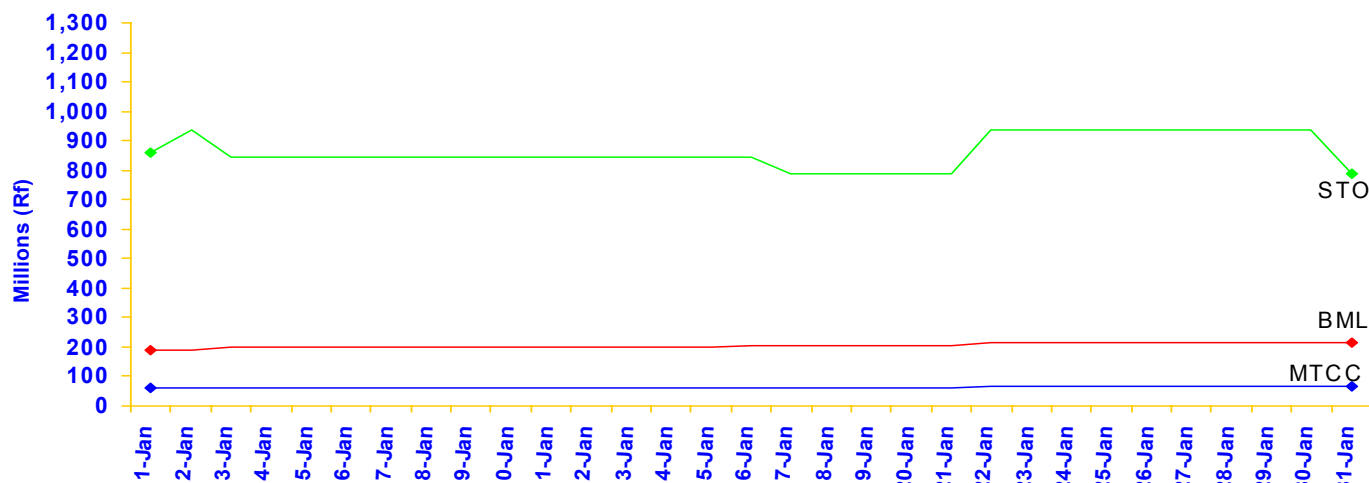
% of Shares Traded



% of Trading Turnover



Movement of Market Capitalisation (Jan 06)



CMDA News

Following the ratification of the Maldives Securities Act by the President on 26th January 2006, the Capital Market Development Authority (CMDA) has been formed and the functions of the former Capital Market Division of the MMA are transferred to this Authority. As such, the Securities Trading Floor and the Maldives Securities Depository are also transferred to the CMDA.

Some useful Questions and Answers

What is the purpose of the Securities Law?

The Securities Act 2/2006 (the Securities Act and Regulations) provides, along with the Companies Act and Regulations, the legal structure needed to facilitate the development of an effective capital market in the Maldives.

What is the Capital Market Development Authority (CMDA)?

The newly established CMDA is an independent body acting as the regulator and supervisor of the capital market in the Maldives. One of the main objectives of the CMDA includes developing a market where securities can be issued and traded in an orderly and fair manner. The regulatory philosophy of CMDA is developmental.

What is the Securities Trading Floor (STF)?

The Securities Trading Floor is a unit of the CMDA responsible for operation of the stock market in the Maldives. The primary function of the STF is to facilitate companies raising capital through the issue of new shares to the public via a prospectus. The secondary function of the STF is to provide a regulated market for the trading of existing stock between investors.

The STF is the centre for trading, reporting and pricing of stocks. Trading information is immediately released to the public ensuring transparency in market dealings. Another important function of the STF is to ensure compliances of Listing Rules by listed companies. Secondary market trading on the STF takes place from Sunday to Thursday from 8.30 a.m. to 1.30 p.m., except public holidays.

What is the Maldives Securities Depository (MSD)?

The MSD is a unit of CMDA. The main aim of MSD is to manage and operate a central depository system to speed up securities trading for the Maldives stock market. The MSD also functions as a depository to hold securities in trust for the shareholders of quoted companies, process transactions and act as a safe keeper of quoted securities. Through MSD, securities are transferred from one client to another by a mere book entry, resulting scripless trading. MSD also sends information about investor shareholdings to issuing companies so as to facilitate corporate actions such as issuing dividends. MSD is open from Sunday to Thursday from 8.30 a.m. to 2.00 p.m. except public holidays.

Is it possible to get a share certificate from the Depository?

Yes, you can obtain a share certificate at a primary issue instead of directly transferring your shares to your MSD account. If you had your shares transferred to the MSD account, but wish to have a share certificate, your shares could be withdrawn from the MSD at your request and you can obtain a share certificate. Keeping the shares in the MSD account however, saves a lot of time and paperwork when you wish to sell your shares at a later date.

What is the purpose of the Maldives Stock Exchange Index (MASIX)?

The MASIX is a weighted average index which captures the overall movement in prices of the Maldives stock market. It is a source of information which could be used to measure the stock market performance. When MASIX goes up, it reflects that the market is moving well and investors are more optimistic of the companies and vice versa.

How do I monitor the performance of companies I have invested in?

After the Annual General Meetings of the listed companies, annual reports of those companies will be sent to the shareholders or published in the newspapers. You should analyse these reports and other available information.

It is important to monitor and keep track of your investment and measure the success and growth of the company you have invested in. If you feel it is not generating the value you wanted, you could always cut your losses before it is too late by selling the shares and exiting from that company. That is one of the advantages in purchasing shares of a listed company on the stock market.

Securities Trading Floor

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“DARE TO RAISE
DEBT OR EQUITY
THROUGH THE
CAPITAL MARKET”

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Stock Market Monthly Report

February 2006.

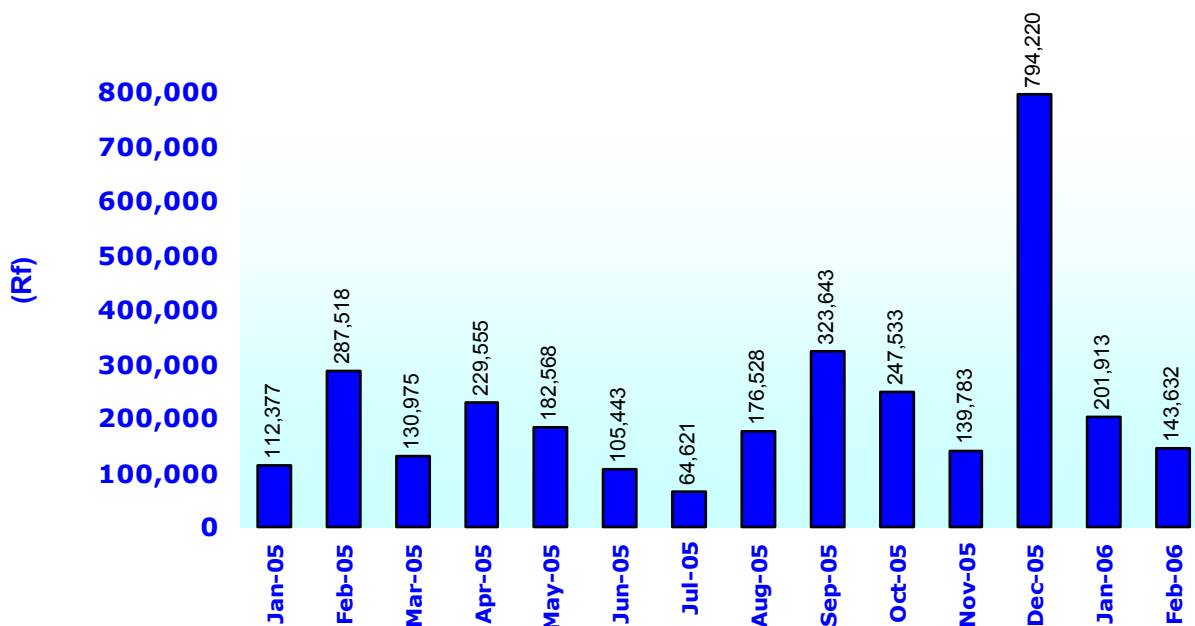
Market Review (February 2006)

The trading turnover for the month was recorded at Rf143,632 registering a decline of around 32 percent against the previous month's figure of Rf201,913. As a result, the average daily trading turnover fell to Rf7,560 from Rf11,717 recorded last month. However, the number of trades concluded through the STF has increased by 63 percent compared to the previous month. A sum of 294 shares was transacted and no trades of BML were executed during the period under review.

The MASIX closed at 114.51 points appreciating 5.3 percent against the previous month's closing value of 108.78. Inclusive of the months trading turnover, the total cumulative trading turnover of the STF has reached to Rf6,284,542 while the market capitalization as at end of the month was Rf1,125,735,500.

Market Statistics

Trading Turnover



Capital Market News

- The Housing Development Finance Corporation (HDFC) was converted to a public company on the 9th of February 2005 and has lodged a request with the CMDA to list on the Stock Exchange. The main activity of HDFC is to provide affordable housing finance in the form of long term loans.
- A two member delegation from the Commonwealth Funds for Technical Corporation (CFTC) arrived on 25th February 2006. The mission will work with CMDA until 2nd of March 2006. The main purpose of the mission is to hold discussions with key stakeholders in relation to introducing Collective Investment Schemes and Trust Law to the Maldives. The Law commission of the Maldives will undertake the legal drafting of the laws in Collaboration with the Commonwealth Secretariat.

The Capital Market Development Authority (CMDA)

Upon the ratification of the Maldives Securities Act by the President on 26th January 2006, an independent body known as the Capital Market Development Authority (CMDA) is formed. Basically, the CMDA acts as the regulator and supervisor of the capital market in the Maldives. Besides the regulatory role, the CMDA is also entrusted with the task of developing a market where securities can be issued and traded in an orderly and a fair manner. In this regard the CMDA will facilitate the establishment of the Maldives Stock Exchange as a priority.

The CMDA structure consists of six functional sections which operate as Corporate Affairs, Legal Affairs, Investor Education and Market Development, Market Regulation, Supervision and Enforcement, Securities Market Operations and Clearing, Settlement and Depository. As per the Act, the Securities Trading Floor (STF) and the Maldives Securities Depository (MSD) would be hived off from the CMDA as two distinct independent institutions within a period of 2 years.

A brief description of the activities of CMDA is as follows:

The Corporate Affairs Section

This section is entrusted with a wide range of responsibilities which include financial control, budgeting, human resources management and information technology and general administration. This section is also responsible for internal risk management functions such as office services and facilities management.

The Securities Market Operation Section

This section runs the securities Trading Floor (STF). The primary function of STF is to facilitate companies raising capital through the issue of new securities. The secondary function of the STF is to provide a regulated market for the trading of existing stocks between investors. The STF is also the centre for trading, reporting and pricing of the stocks. The trading information is released to the public by the STF ensuring transparency in market dealings. STF also promotes the Maldives stock market in the Maldives and abroad.

Market Regulation, Supervision and Enforcement Section

The broad mandate of this section is to supervise and regulate the securities market and the Stock Exchange and to ensure securities dealing are carried out in accordance with the regulations, in an orderly, fair and open manner. The purpose of monitoring is to provide assurances on a continuing basis so that the market intermediaries remain fit and proper to conduct business and reduce the possibilities of systemic risk.

Clearing, Settlement and Depository Section.

This section manages the Maldives Securities Depository System (MSD). The primary function of the depository is the clearing settlement and registration of all transactions in the securities market. The MSD system makes trading speedy, accurate and efficient.

Investor Education and Market Development Section

This section is responsible for investor relations and organizing the investor education and market intermediaries training programmes. The section has the mandate to run public seminars and workshops and promotional activity through radio, television and print media. As such, this section plays a crucial role in raising standards of the market participants through enhancement of skills and professionalism among market participants.

Legal Affairs Section

The broad mandate of this section is to provide legal support to the Authority on policy and operational aspects. It is also responsible for reviewing and proposing amendments to the Maldives Securities Act and liaising with appropriate agencies in relation to legal matters of the CMDA. It is also responsible for conducting investigations into compliance, fraudulent activities in the securities market and violations of the securities law.

CMDA is to be governed by a Board of Directors which will comprise seven members representing the Government and the private sector. The Board of Directors of CMDA shall consist of a Chairman of the Board, the Chief Executive Officer of the Authority, an official from the Maldives Monetary Authority, an official from the Ministry of Finance and Treasury, the Registrar of Companies and two members from the private sector.

Securities Trading Floor

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Stock Market Monthly Report

March 2006.

Market Review – March 06

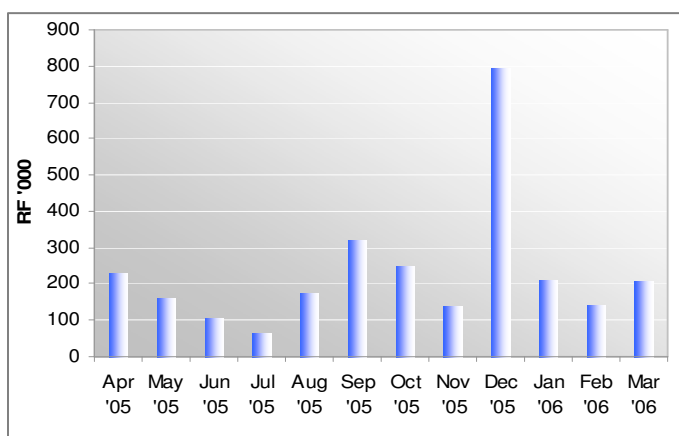
The Maldives Stock Exchange Index (MASIX) closed at a value 127.98 registering a rise of 12% compared to the previous month. Commensurate with moderate increases in the prices, the total market capitalization stood high at Rf1, 258,123,150 as at the end of the month.

The month ended by registering a trading turnover of Rf 208,730. This reflects a rise of 45 percent against the last month's trading turnover of Rf 143,632. A sum of 19 trades with 268 shares was traded during the month. This comprise of 25 shares of BML, 62 shares of MTCC, and 181 shares of STO. The BML shares were traded at record price of Rf1975 per share on 13th March 2006. This is recorded as the highest traded price in the history of the Securities Trading Floor. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf 6,493,272 as at 31st March 2006.

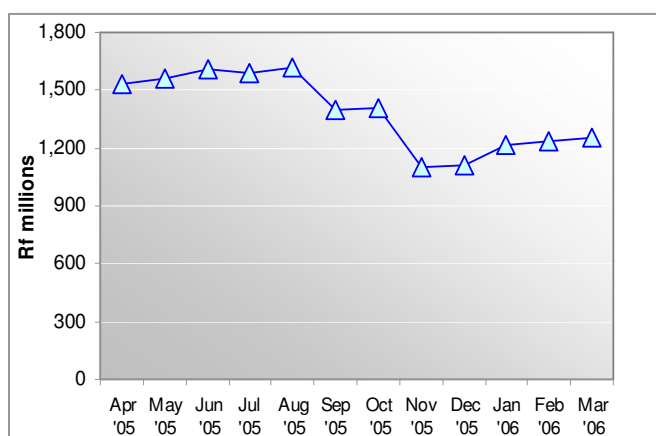
The market closed with positive investor sentiments as the news of a new IPO (Allied Insurance Company of the Maldives Private Limited) was released to the market.

Market Statistics

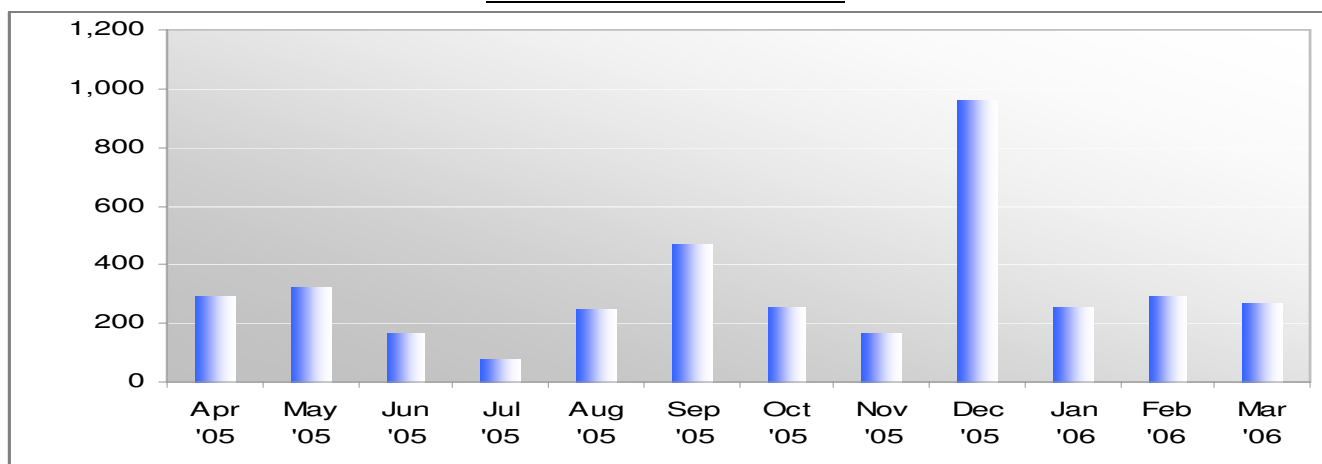
Trading Turnover



Market Capitalization



Number of Shares Traded



Capital Market Development in the Maldives

A capital market serves a critical economic purpose; namely the mobilization of resources (long term) and their allocation to finance productive projects both for Government and the private sector. As such, an effective capital market is essential for economic development of any country. The main reasons for the development of a capital market in the Maldives are as follows:

Dearth of long term finance

Private sector development, which has progressed at a very dynamic rate, will be curtailed if the existing dearth of long-term finance continues. Commercial Banks are not expected to provide long term financing given the maturity structure of their deposits. Using short-term depositors' money to finance long-term investments is very risky. A capital market will effectively complement the banking system and enable businesses to improve their debt equity ratios by substituting equity capital for bank borrowing and improve financial viability.

Investment options for savers

A successful capital market broadens the range of investment options for domestic savers. At present domestic savers are mainly restricted to limited formal investment options monopolized by the commercial banks. Although commercial banks offer a range of deposit and savings accounts for investors, these are low risk and therefore give relatively low rates of return.

With a capital market there will be new investment opportunities and the ability to create an individual portfolio depending on risk and return appetite. Collective investment vehicles (mutual funds, unit trusts, investment trusts) will be able to operate and cater for those investors who wish to benefit from the professional expertise of a fund manager and investment adviser.

Ownership of capital

Concentration of ownership either in the private sector or government companies is not a feature of modern, efficient and cost effective enterprises. The move from family owned companies to public companies is a common experience in many countries. Governments in emerging markets encourage such a move with a view to enable greater participation of its population in the industrial and economic life of a nation. There is a need in the Maldives to broaden ownership in the public and private sector companies. This need could be addressed if companies are encouraged to list on a Stock Exchange.

Support for privatization

Privatization will not be effective, if it does not go hand in hand with the establishment of a capital market. A primary and secondary market is interdependent. The function of a secondary market is principally to enable a primary market to be established. Without a secondary market, which would provide liquidity and enable price discovery it is very difficult for institutions to issue securities for sale to the public. Investors will be given greater encouragement to subscribe to securities, if they know that their investments are liquid and have a market value.

Narrow revenue base

In the Maldives there is heavy reliance on a very narrow revenue base which mainly comprise of customs duties, dividends from state enterprises, tourism tax, limited tax from other sources and grants. Should there be any decline in revenue from these sources, the continued financing of Government's social and infrastructure projects would pose a problem.

Direct and portfolio investment.

A well-regulated capital market has the potential to attract foreign capital either on the primary or secondary markets. If properly managed, this could become an important source of finance for the tourism and other sectors of the economy.

While there are potential benefits to be gained by developing a capital market for the Maldives, the costs of being small could be a major deterrent, as it could be very difficult to ensure a critical mass in the market which will provide the desired level of liquidity for investors. CMDA is determined to take all the necessary steps to mitigate the constraints for capital market development and create a vibrant market for Maldives.

Securities Trading Floor

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“Financial literacy education can make a difference in people’s lives”

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Stock Market Monthly Report

April 2006.

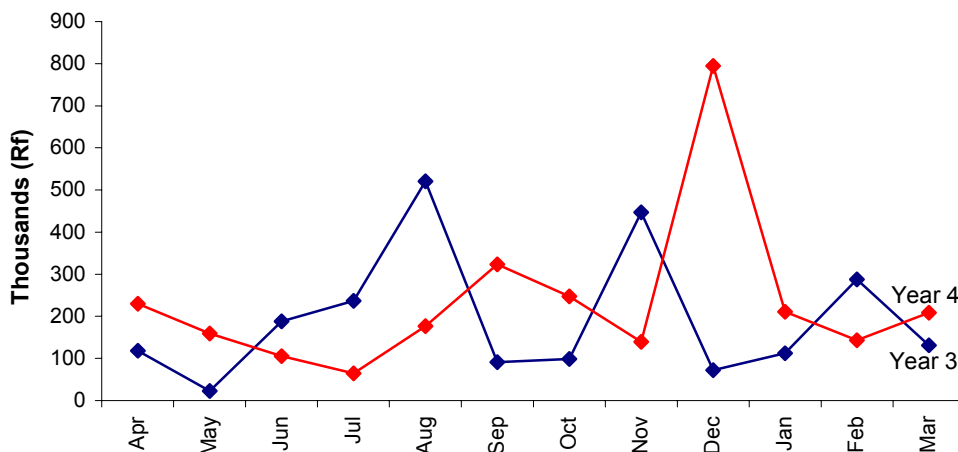
Four years of successful share trading

The month of April marks the fourth anniversary of the Securities Trading Floor and the 2nd anniversary of the Maldives Securities Depository. The STF looks back at the past four years with great satisfaction for having had the opportunity to facilitate substantial share trading in the Maldives.

From 14th April 05 to 13th April 06, a sum of 3,793 shares was traded from 263 trades, valued at Rf2,755,897. The turnover reflected an increase of 17 percent in comparison to the same period of the previous year and the volume traded also showed an increase of 7 percent in the same period.

Since the establishment of the Maldives Securities Depository over 698 accounts are opened to date.

Trading Turnover



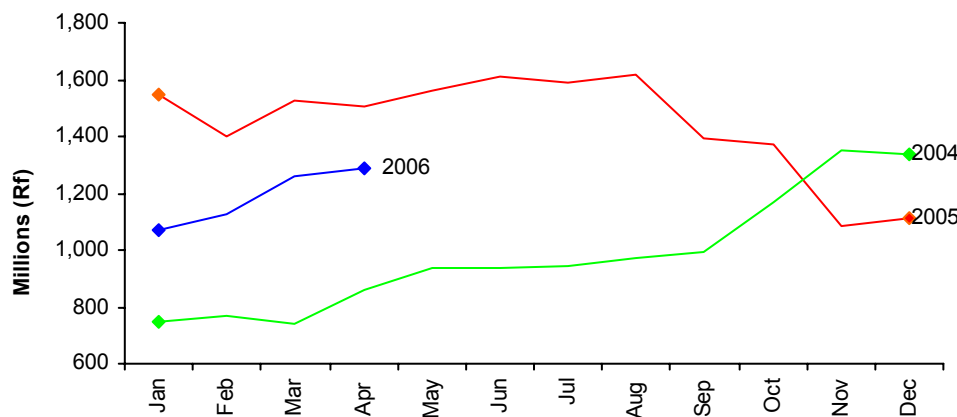
Market Review (April 2006)

The trading activities of the month fell by 16 percent compared to the preceding month. The trading turnover also declined to Rf49,421 registering a massive fall of 76 percent compared to the previous month. Meanwhile, the volume traded also decreased by around 46 percent against the same period. One possible explanation for this decline is that investors started to hold stock in expectation of possible dividend payouts for the financial year 2005. The market activity is expected to increase after the dividend payouts as investors will be more willing to sell after receiving dividends.

Analysis of the month’s turnover shows that MTCC contributes to 70 percent of the turnover, while BML and STO hold 28 percent and 2 percent respectively.

The stock prices also reflected a slight variation against the previous month as the weighted average traded prices of MTCC and STO increased slightly while BML’s prices have dropped slightly. Inclusive of the month’s trading turnover, the total cumulative trading turnover of the STF has reached over Rf6.5 million while the market capitalization as at 30th April 2006 stood high at Rf1.3 billion.

Market Capitalisation 2004, 2005 & 2006



Stock Market News

A seminar on ‘Primary Market Issuance’ organized by the CMDA was held at the Nasandhura Palace Hotel on 26th of this month. Participants from private and public companies attended the seminar.

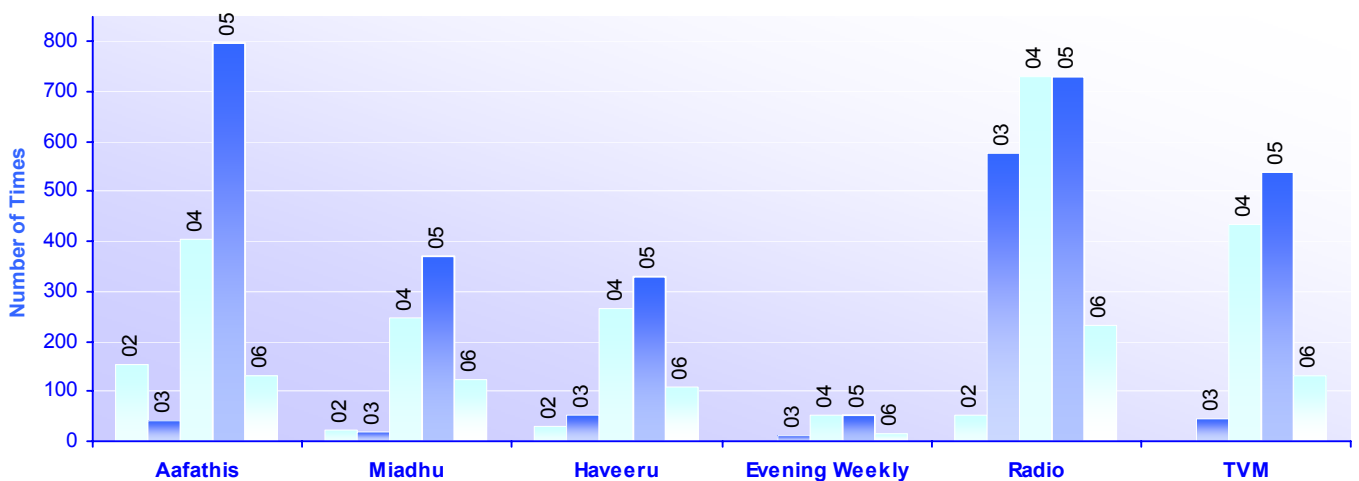
ROLE OF THE MEDIA AND THE STOCK MARKET

Financial markets work best with several checks and balances to ensure fairness, honesty and easy accessibility. This can best be accomplished through visible markets with high standards of integrity. Just as important to this series of checks and balances is the media's role in dissemination of financial news to the public. The media should provide the role of watchdog for the public along with the regulatory bodies. With the media's complete and unbiased information along with similar collaborating information from listed companies, the Stock Exchange and the financial industry, the public have information on which investment decisions can be made.

The STF rules for listed companies require them to disclose substantial information about their operations. Much of this information is produced in the financial reports. But as markets operate on information, any information, which would likely have a significant effect on a reasonable investor's investment decisions, must be reported to the public immediately. Until such information is disclosed to the public it must be kept confidential and anyone, who trades with this confidential information, is in violation of the market rules. Therefore, immediate and complete dissemination to the public by the media is essential.

As the content of the media's reports on the stock market is inextricably linked to the psychology of the marketplace, much importance is given to media reporting. In countries where, mature markets exist, the Stock Exchanges have departments specifically dedicated to media liaison and assistance to ensure proper dissemination of information. The Maldives case does not warrant departments specifically dedicated to media liaison at this initial stage of development. However, STF is playing a key role in dissemination of the stock market information by working closely with the media. The leading newspapers are publishing summaries of the market activity and other information provided by the STF. The graph below reveals that since the establishment of STF, local news papers have provided good coverage of the stock market. Besides the newspapers, some weekly magazines, radio and TV have provided coverage of the market.

Media Coverage of the Stock Market (2002 - 2006)



The statistics above shows the efforts of the media to receive and reproduce information from listed companies and the stock exchange. Financial journalists are expected to provide the audience with factual, accurate and truthful information. As such, it is crucial that reporting information should be scrutinized by the media to ensure its completeness and fairness. This process can be performed through analysis of the financial news, interviews from listed companies, the financial community and the regulatory agencies. The media should also provide equal coverage to both the positive and negative views about the situation. In such a manner, the public maybe presented with various facets of an issue and therefore be in a better position to make investment decisions.

The media coverage should go beyond the analysis of market activity and should also focus on changes to the rules and guidelines of the market. The public benefit to these changes should be made clear.

Companies can assist in removing the potential for abuse by the media by refraining from releasing of price sensitive information, either selectively or otherwise. Giving out price sensitive information through unofficial channels is unfair to the investors because it cannot assure equal access or widespread dissemination of information. It is also an infringement of the continuing obligations of the Listing Rules of STF relating to the release of data which might materially affect stock prices.

The contribution of the media to develop our fledgling market is praiseworthy. Without a doubt, the media has a key role to play in the checks and balances of financial markets. With such a responsibility also comes the duty to be fair, honest, unbiased and complete in reporting financial events that will be important for the growth of the Maldives Stock Market.



Stock Market Monthly Report

May 2006.

Market Review (May 2006)

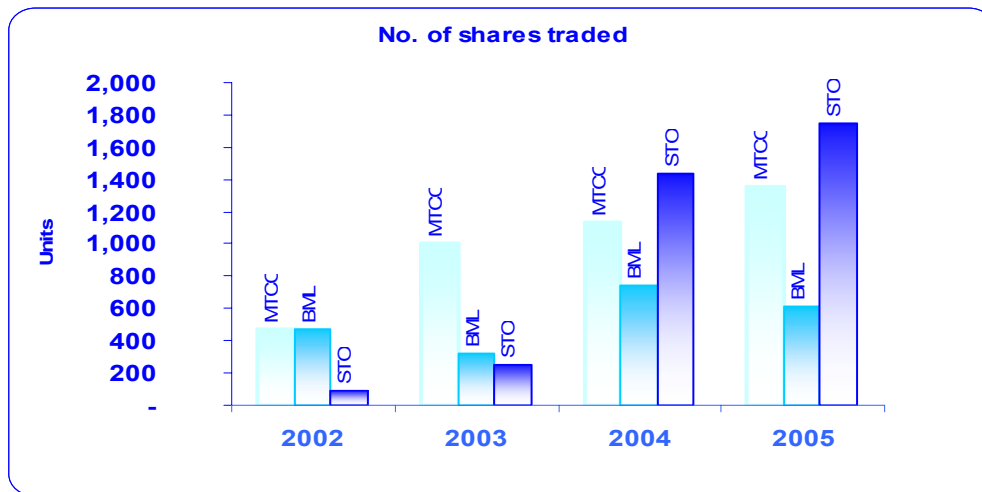
The stock market index, MASIX closed the month at value 127.99 depreciating by 2.3 percent in comparison to the preceding month. However, the total trading for the month reflected an increase of 37 percent to Rf67,586 against the preceding month's turnover. Moreover, a sum of 126 shares was transacted through the STF which comprised of 69 shares of MTCC, 56 shares of STO and 1 share of BML.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf6,610,279 while the market capitalization as at end of the month was recorded Rf1,258,193,120.

Trading Statistics

The graph illustrates the number of shares executed through the STF. The volume traded of MTCC tends to increase

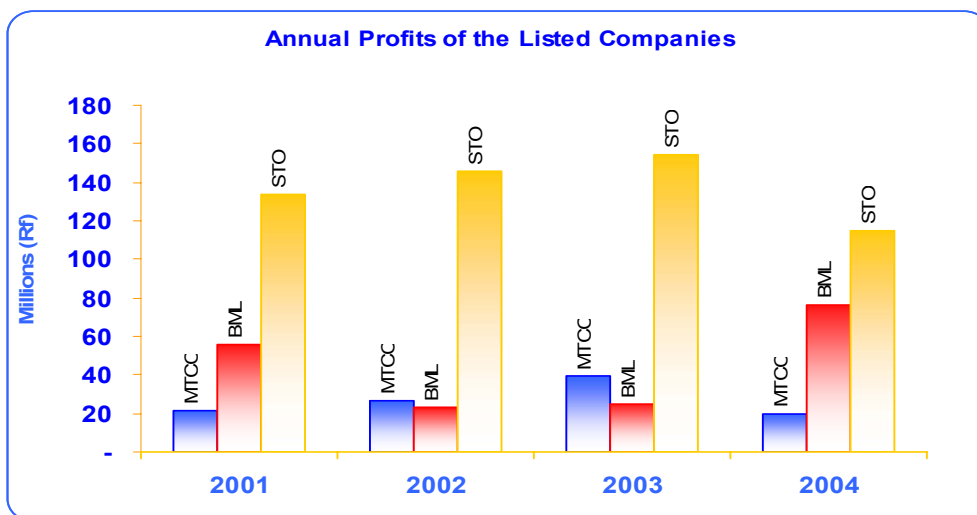
over the period. The highest percentage increase was recorded in 2003. The STO volume traded also showed a similar trend and recorded a high boost in 2004 and 2005. The BML shares traded decreased in 2003 to 31 percent compared to 2002. On the other hand, in the following year it showed an increase of 129 percent compared to 2003 and reflected a slight decline in 2005 compared to the year 2004.



Market News

The below graph depicts the annual profits of the listed companies for the past four consecutive years. According to the Annual Reports published by the respective companies, the STO profits were recorded

high compared to the other two companies and reflected an increase over the past 3 years and showed a slight decrease in 2004. On the other hand, BML profits reflected a high variation compared to the MTCC and STO within this period. MTCC earned almost the same level of profits throughout the period but showed a slight boost in 2003.



Membership of the Asia Pacific Central Securities Depository Group (ACG)

The Maldives Securities Depository became a member of the Asia Pacific Central Securities Depository Group (ACG) on 16th May 2006. The ACG now consist a sum of 26 depositories from 18 countries.

Proposed Code of Corporate Governance for Listed Companies

The Government of Maldives has issued a policy to promote good corporate governance in the Maldives. The aim is to raise investor (both local and foreign) confidence, develop the capital markets and to achieve high sustained growth for the corporate sector and the economy as a whole. With improved corporate governance, investments into the country can only grow.

The CMDA, as the facilitator and developer of the capital markets in the Maldives, is playing an active role in formulating and implementing a Code of Corporate Governance (Code). In the short term, the Code will apply to all corporations whose securities are listed on the Maldives Stock Exchange. Non-listed public companies and the large private companies are invited to adopt the Code on a voluntary basis.

The proposed Code defines Corporate Governance as a system whereby shareholders, creditors and other stakeholders of a corporation ensure that management enhances the value of the corporation as it competes in an increasingly competitive market place.

The Code will give guidance on Board composition, and requires a mix of executive, non-executive and independent directors on the Board so as to provide an independent check on management. The Code also elaborates on the roles of the Chairman and the Chief Executive Officer to be separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Code also elaborates on grounds for the disqualification of directors.

The Code will address in detail the right to information disclosure. In this regard, shareholders shall be provided, upon request, with reports which disclose information on directors and officers and certain other matters such as their holdings of company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

In terms of disclosure, the most basic and all encompassing disclosure requirement is that all material information, i.e. any thing that could potentially affect share price, should be publicly disclosed. Such information would include earnings results, acquisition or disposal of assets, changes to the Board, related party transactions, shareholdings of directors and changes to ownership.

Other important provisions in the Code will include, handling conflict of interest, Board committees, audit, internal control and external auditors, disclosure and transparency, reporting requirements, role of the company secretary, and the role of the regulator.

Some of the provisions to be introduced will be made mandatory by appropriate amendments to the relevant laws and the Listing Rules of the Stock Exchange, whilst other aspects of good corporate governance will be made voluntary through the introduction of the comply or disclose requirement in the Code. The implementation of the Code and other mandatory provisions on corporate governance will be phased in starting from mid-2007.

The Code is being drafted with assistance of an independent consultant, who is currently in the Maldives on a fact finding mission to assess the appropriate form and the relevant provisions to be introduced. The consultant had extensive discussions with the Ministry of Finance and Treasury, the Registrar of Companies, the listed companies, key government ministries, private sector officials and other key stakeholders. Following this, a draft Code will be put together for consultation with all key stakeholders. Subsequent to this the final Code will be introduced.

CMDA has plans to facilitate extensive training to be made available to companies and other relevant parties, who will assist companies in their implementation process. CMDA is also consulting with the Ministry of Finance and Treasury to introduce a government award for companies that adopt the Code. The details of the award will be made public with the implementation of the Code.

The proposed Code will build on existing principles of good ethical practices, trust and fairness, and will be a key mechanism to boost economic development in Maldives.



Stock Market Monthly Report

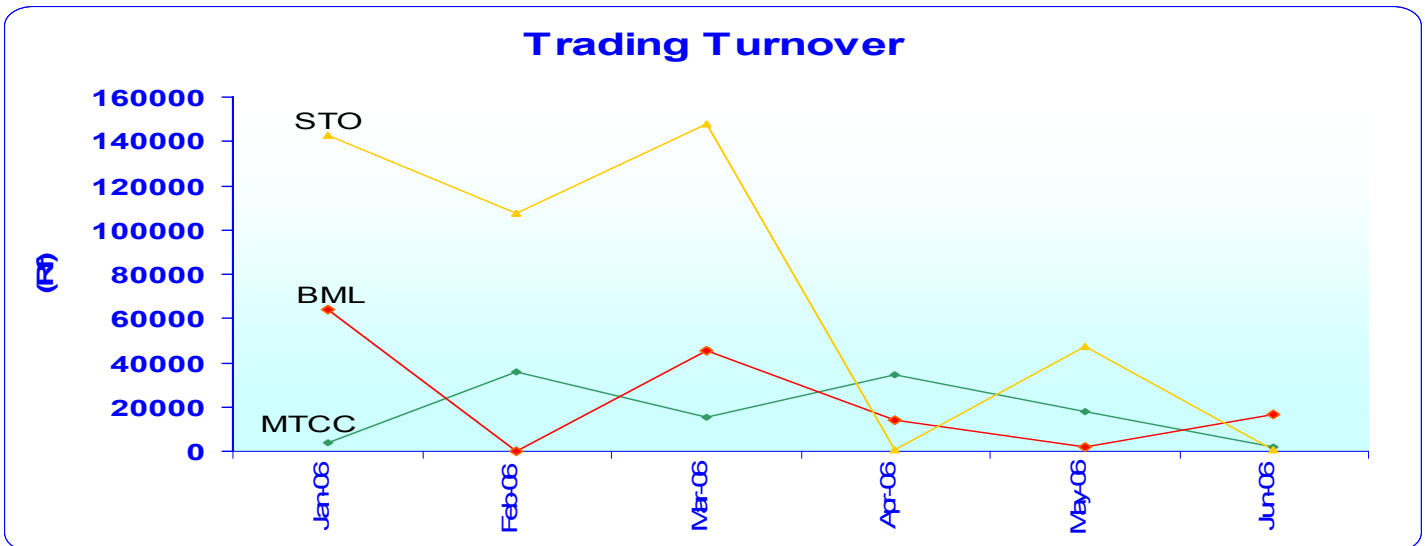
June 2006.

Market Review (June 2006)

During the month under review, a sum of 26 shares was transacted through the STF which comprised of 9 shares of MTCC, 9 shares of BML and 6 shares of STO. Moreover, the trading turnover for the month was recorded at Rf23,995 registering a decline of 64 percent in comparison to the last month's turnover of Rf67,586 . The stock market index, MASIX closed the month at value 125.93.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf6,634,274 while the market capitalization as at end of the month was recorded Rf1,237,935,120.

Market Statistics (Trading Turnover)



Company Statistics

	MTCC		BML		STO	
	2004	2005	2004	2005	2004	2005
Dividend per share	25	30	95	100	70	55
Dividend yield	9.6	12	8.1	6.5	7	6.5
Earning per Share	77.91	137.98	629.99	775.88	102.00	114.74

ACG Cross Training Seminar

The 8th Asia Pacific Central Securities Depositories Group (ACG) cross training seminar was held from 27 – 28 June at Bangkok. CMDA participated in the seminar and made presentations on the main topic of the seminar, “Merits and Demerits of Direct Account Method”.

Proposed Code of Corporate Governance

The proposed Code of Corporate Governance initially targeted to companies listed on the Maldives Stock Exchange was briefly presented to the participants of the seminar on “Developments, Structures, Capacity and Roadmap for Enhancing Corporate Governance Standards in Commonwealth Member Countries in Asia” The seminar was a held from 17 to 18 June 2006 at Bandos Island Resort. Participants from the MMA, CMDA, international donor agencies and representatives from regulatory authorities of the Commonwealth member countries attended the seminar.

Mid-Year Review 2006

The year 2006 started with a positive note for the capital market with the enactment of the Securities Act, and the establishment of the Capital Market Deployment Authority in January 2006. During the period under review, two public companies were registered under the Companies Act and the Housing Development Finance Corporation (HDFC) was listed on the Stock Exchange.

Despite new developments in the market, the stock market trading activities declined during the first half of the year 2006 in comparison to the first half of the year 2005. The total turnover fell by 31 percent. A total of 1110 shares were traded in 111 transactions with a total consideration of Rf704, 277. Analysis of the total trading turnover shows that STO holds 64 percent, while BML and MTCC contribute 20 percent and 16 percent respectively.

In contrast, the total market capitalization of all the listed companies showed an increase of 11% when compared to the same period last year. The market capitalization stood at Rf1, 113,252,150 (1.1 billion), as at 30 June 2006. A breakdown of the current market capitalization showed that STO holds 76 percent while BML and MTCC accounts for 18 percent and 6 percent respectively.

The MASIX index also showed an increase of 11.2 percent compared to 31st December 2005. As at 30 June 2006, the index stood at 125.93. The increase in the index was mainly due to the increase in the share prices for the listed companies during the period under review.

The weighted average share prices continued to rise on average and started to stabilize towards the end of June 2006. The price of MTCC shares stabilized within a band of Rf252 – Rf310. The prices of STO shares moved upward within

a band of Rf700-Rf900 while the BML shares fluctuated within a band of Rf1600 to Rf1950. The overall price trend is seen to be more volatile compared to the corresponding period of last year.

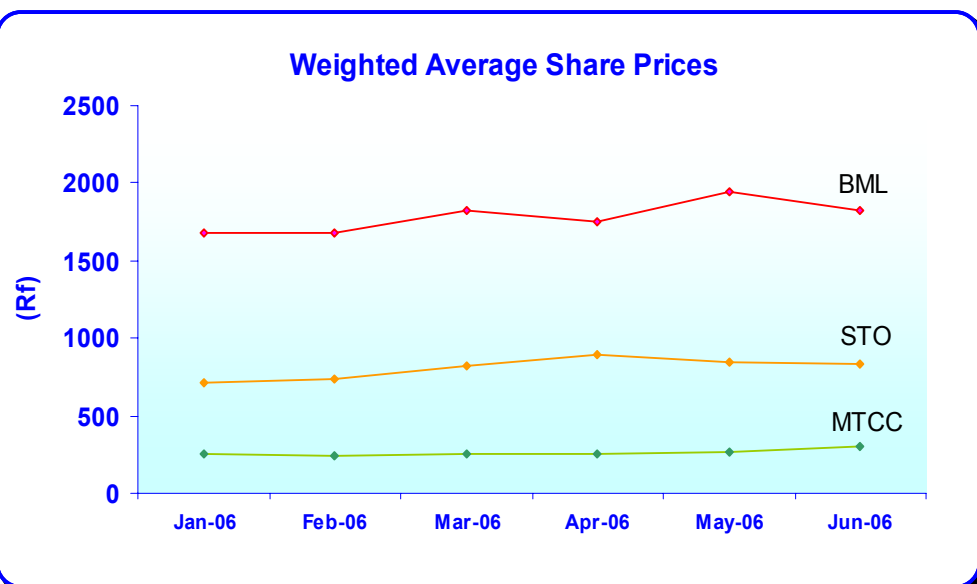
Although the prices were on the increase the activities declined both in terms of volume and trades. The number of trades executed in the first half of 2006 decreased by around 26 percent in comparison to the corresponding period of 2005. A breakdown of the number of trades within the period under

review comprised of 49 trades of MTCC, 46 trades of STO and 16 trades of BML. The volume traded also registered a decline of 29 percent against the same period of the last year. A breakdown of this showed that 590 shares of STO, 439 shares of MTCC and 81 shares of BML were executed.

Unlike last year, the three companies held their Annual General Meetings within the first half of the year. The closing of the company share registry and temporary halting of share trading through the STF has contributed to the reduction of trading activity during the review period. However, positive investor sentiments were on the rise as the companies declared dividends for the year 2005.

A total of Rf81,652,050 was distributed by the three listed companies as dividends for the year 2005. MTCC declared a dividend of Rf30 per share while BML and STO declared Rf100 and Rf55 per share respectively. In comparison to 2004, the MTCC and BML dividend per share has increased by 20 percent and 5 percent respectively while STO dividend per share had declined by 21 percent. However, for all three companies, the earnings per share (EPS) have increased compared to the previous year. The MTCC EPS has increased to Rf137.98 from Rf77.91 and BML EPS has increased to Rf775.88 from 629.99 while STO EPS has also increased to Rf114.74 from Rf102.00.

The existing dearth of securities for trading continued during the review period as the buy quotes surpassed the sell quotes reflecting the characteristics of an illiquid 'sellers' market. However, the mid year ended with positive investor sentiments with the opening of the Maldives Tourism Development Corporation IPO from 2 July 2006.





Stock Market Monthly Report

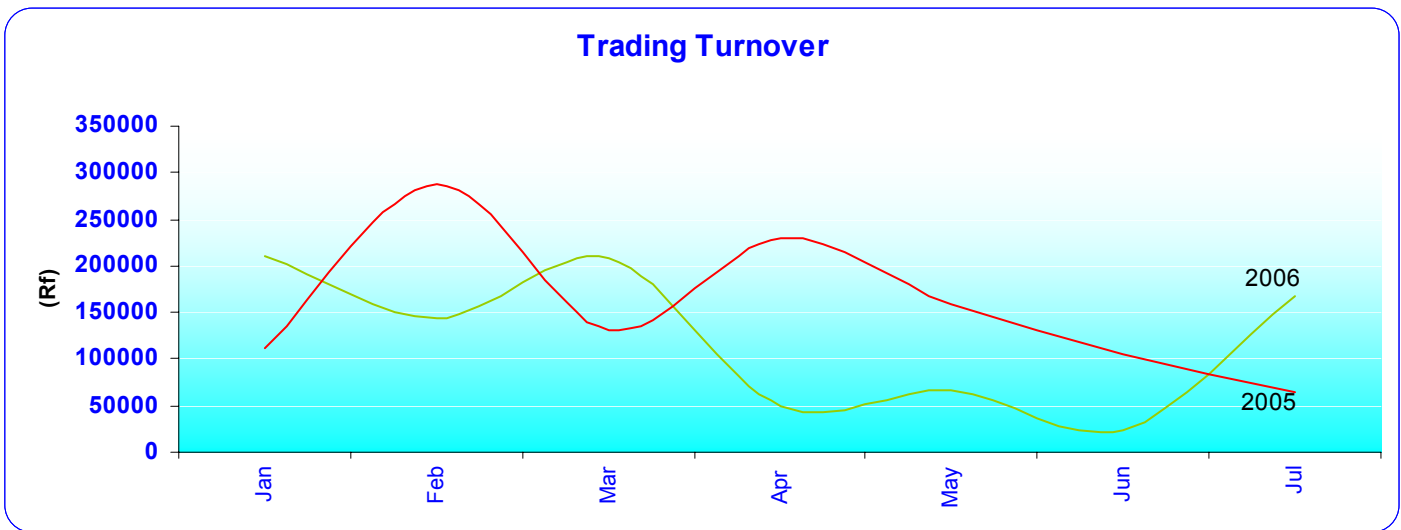
July 2006

Market Review (July 2006)

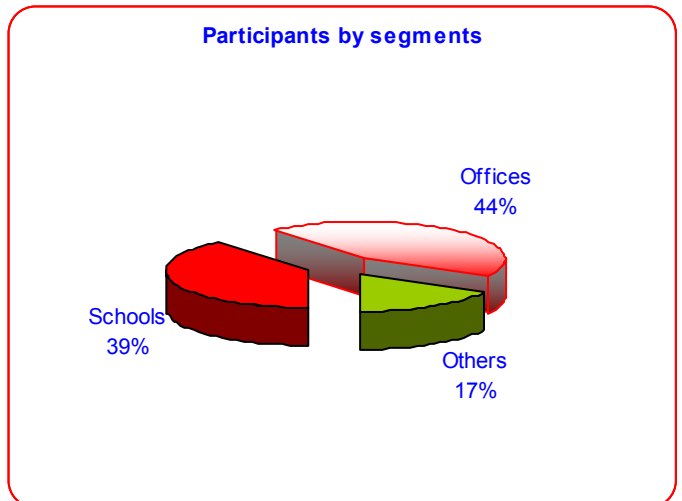
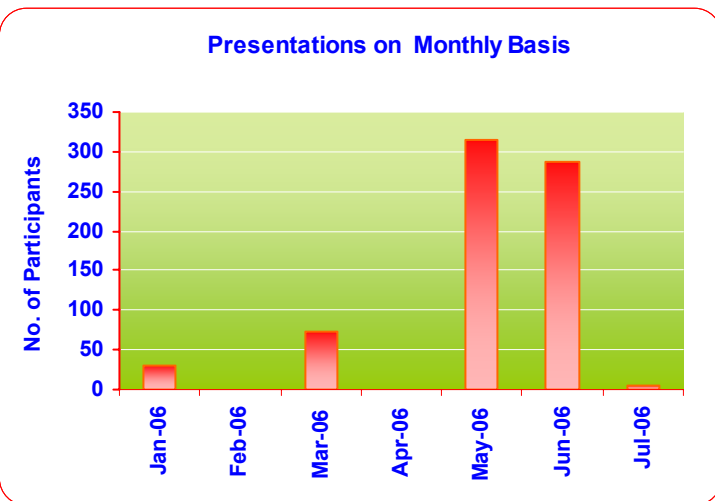
The overall trading performance of the STF was recorded positive in comparison to the previous month’s activities. The number of trades concluded has increased to 30 trades from 9 trades of the last month. A total of 196 shares were executed through the STF, registering a massive increase compared to the previous month. Moreover, the trading turnover for the month was recorded Rf167,058. A breakdown of this reflected that BML holds 71 percents of the trading turnover while MTCC and STO hold 16 percent and 13 percent respectively.

Inclusive of the month’s trading turnover, the total cumulative trading turnover of the STF has reached Rf6,801,332 while the market capitalization as at end of the month was recorded Rf1,080,067,550.

Market Statistics



Investor Education Statistics



Capital Markets and Corporate Governance Institute

The Capital Markets and Corporate Governance Institute (CMCGI) was established by the Capital Market Development Authority (CMDA) on 15th July 2006 with the objective to provide training and certification to ensure the good conduct and professionalism of market intermediaries, to raise market awareness and to promote good corporate governance in the Maldives. The institute will be operated within the premises of the CMDA.

The CMCGI will implement educational initiatives, on its own or will tap into resources and experience of credible international capital market institutes in the provision of its services. The proposed activities of the CMCGI are as follows:

- **Market intermediaries training programs** – Develop programs to meet licensing requirements for market intermediaries.
- **Customized short courses and training programs** – Run programs customized to meet the needs of CMDA in-house training as well as delivery of training to other institutions.
- **Professional development programs** – Develop and deliver professional development programs through a mix of mediums such as workshops, seminars and conferences.
- **Director training programs** – Conduct programs for the directors of listed companies and other institutions.
- **Training programs on corporate governance** – Conduct programs to facilitate the implementation of the Code of Corporate Governance.
- **Organize seminars and conferences** – Conduct programs for the officers of CMDA & other government agencies, senior functionaries working with intermediaries, securities market professionals and general public.
- **Carry out research and studies in the area of securities market** – Publish research reports and other educational materials.
- **Conduct joint programs with regulators and other similar institutes** – Liaise with reputable international capital market institutes to run joint programs.
- **Maintain a database of professionals who will provide on going support to the CMCGI.**
- **Integrate into the international agenda on the capital markets and corporate governance.**

The first training program of the institute is planned for mid August 2006. The program will be a refresher course for the proposed brokers and other market professionals. This will be followed by a corporate governance program to be conducted in collaboration with Global Corporate Governance forum.

CMDA is working with international donor agencies and regulatory authorities in other countries to get their financial and technical support for the institute. CMDA hopes that CMCGI will be a gateway to raising standards of market professionals in the Maldivian financial sector.



Stock Market Monthly Report

August 2006.

Market Review (August 2006)

The stock market index MASIX, closed at value 83.09 by depreciating 24.8 percent in comparison to the previous month's value of 109.87. Conversely, the total trading turnover for the month increased by 95 percent to Rf325,551 from Rf167,058 while the average daily trading turnover for the month was recorded Rf14,154. Moreover, a sum of 342 shares was traded through the STF which comprised of 158 shares of STO, 119 shares of BML and 65 shares of MTCC.

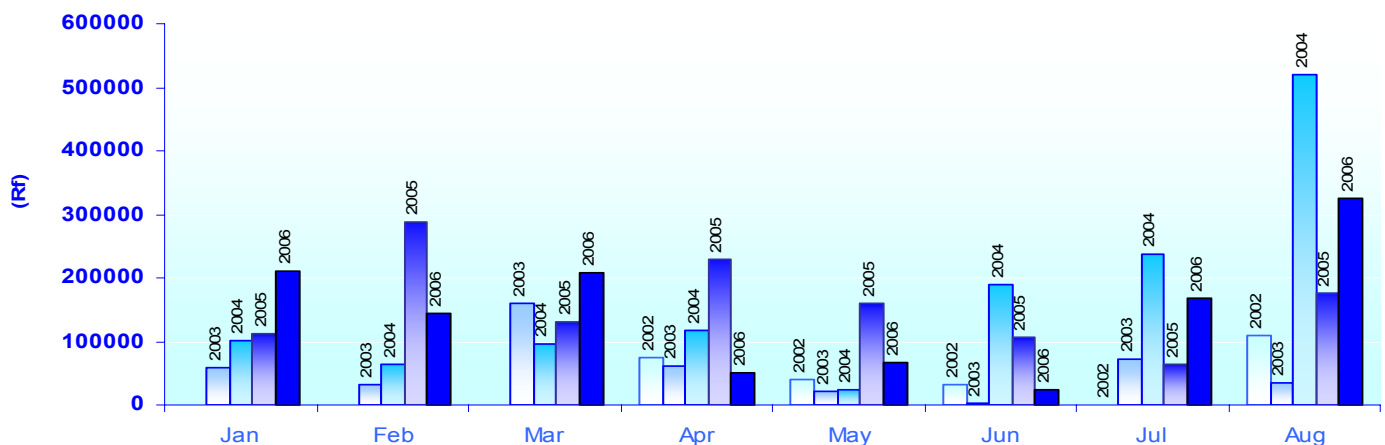
Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,126,883 while the market capitalization as at end of the month was recorded Rf816,840,050.

Company Statistics as at 31st August 2006

	BML	MTCC	STO	Total
No. of trades	194	457	236	887
No. of shares traded	2,426	4,572	4,312	11,310
Trading Turnover (Rf)	2,625,915	1,122,474	3,378,494	7,126,883
Market capitalization (Rf)	219,096,000	85,000,000	512,744,050	816,840,050
Dividend yield (%)	5.56	8.82	12.09	-
Dividend per share (Rf)	100	30	55	-
Highest Traded Price (Rf)	1,975	600	1,210	-
Lowest Traded Price (Rf)	585	150	400	-

Market Statistics (Trading Turnover)

Trading Turnover



News

- A refresher session targeted at the proposed Brokers was held at CMDA on 14th August 2006. The main objective of the session was to discuss the role of brokerage function and also to equip the participants with the knowledge of the market rules and regulations.
- In a news conference to the public on 31st August 2006, the Housing Development Finance Corporation has revealed it's intention to sell 60% of the company's shares to the general public.

Dealing Companies and Brokers

Although under the existing market conditions in Maldives it would not be economically feasible to operate a large number of Dealing Companies, it is surprising to note the expression of interest from parties intending to set up Dealing Companies. With the opening of application with a deadline of 30th September 2006, a total of 13 applications have been taken so far. The proper operation of a Dealing firm is critical to the integrity of the securities market and as such, the CMDA will have to face the challenge to select the best four proposals from the applications for licensing.

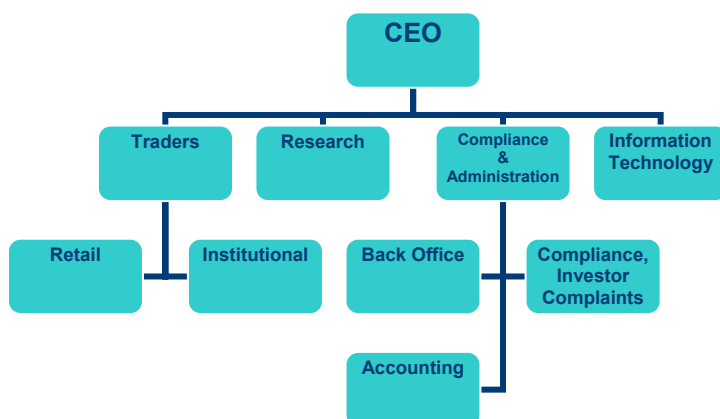
CMDA has decided that the most effective setup for the market intermediaries would be to license a corporate entity within which the brokers would operate. This would allow for the ability to audit and regulate the operations as a distinct entity with its unique rules and procedures. Under CMDA regulations a Dealing Company should have atleast one dealer's representative or a broker who should have passed the examinations set by the CMDA. Only licensed brokers would be allowed to enter orders in to the exchange trading system and as such it is integral that each dealing company employ atleast one Dealer's representative at all times.

The operation of a Dealing Company is similar to any other commercial operation. There is a Board of directors who are responsible for the overall operation of the enterprise, a sales group who are responsible for selling the product to its customers, the trading group who are responsible for the effective execution of the clients' orders and the trading of the brokerage firm's security positions. The sales and trading are the main revenue producers of the firm and as such they must be effective to ensure the success of the operation. Besides the revenue from trading, the firm also earns from other ancillary services such as helping a company to get a listing, company restructuring and reorganizations, takeovers and mergers and acting as sponsors for the Stock Exchange.

Among the operations, the research function is considered as the engine of the Dealing Company. Research provides the broker with a product to sell to the clients. The research group will attempt to improve the product by publishing research reports and give recommendations to the brokers about good investment opportunities which the broker should study and understand. The broker may in turn do his own research to ensure best services to the clients.

The compliance and administration group is responsible for maintenance of the client's accounts. The firms accounting and administration function would be responsible to over see and ensure proper financial statements are prepared in an orderly manner to present to the Stock Exchange and the Regulator. The accounting section is usually responsible for compliance and internal audit as well. Once a trade is completed, a completed order ticket will be sent to the administration section. This would be followed by the dispersion of dividends to the accounts which hold the securities that have declared and paid the dividend.

Typical Structure of a Dealing Company



The broker must always follow the cardinal rule of the investment industry, "know your client." To assist with these functions a new client application form would be completed giving financial details and personal data about the client as well as the client's investment objectives. The new account form also allows the Dealing firm to ensure that the client's investment objectives are met.

The above is a brief account of the main operations of a standard Dealing Company. The structure for such firms also varies with the market conditions and the rules and

regulations prevailing in such markets. However, in all types of market structures the integrity of the market intermediaries operations is fundamental to the success of the market.



Stock Market Monthly Report

September 2006.

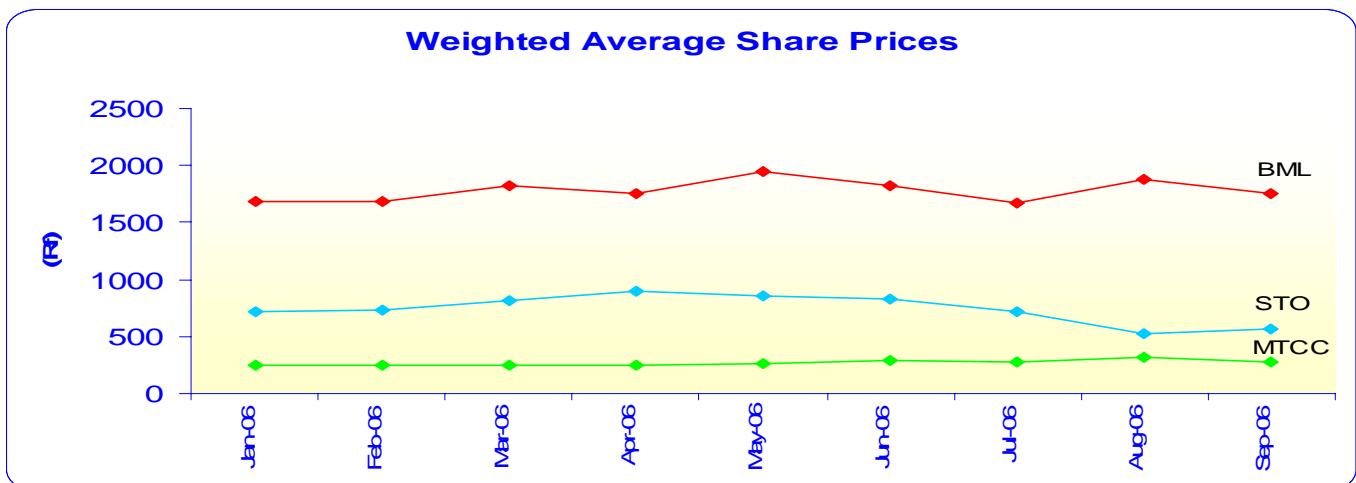
Market Review (September 2006)

The trading activities of the STF indicated a massive decline in comparison to the preceding month's activities. As an outcome, the trading turnover for the month reduced to Rf37,630 from previous month's trading turnover of Rf325,551. A breakdown of this reflected that BML holds 56 percent of the trading turnover while STO and MTCC hold 39 percent and 5 percent respectively. The average daily trading turnover for the month was recorded at Rf1,981.

During the period, a sum of 46 shares was exchanged on the Floor, which comprised of 27 shares of STO, 12 shares of BML and 7 shares of MTCC. Furthermore, the volume traded also declined by 87 percent in comparison to the preceding month.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,164,513 while the market capitalization as at the end of the month was recorded at Rf842,879,000. With the decreasing of the overall share prices, the MASIX depreciated by 3 percent compared to the previous month and closed at value 85.74.

Weighted Average Share Price Movements



The above graph depicts the weighted average share price movements of listed companies. As usual, in comparison with other stocks, BML share prices remained high and fluctuated within a price band of Rf1600 – Rf1900. Furthermore, BML prices rose to Rf1950 in May and were registered as the highest recorded price of the year. The share prices of STO indicated a slight upward trend until April (Rf 899) followed by a sharp decline in August. However, the STO prices started to increase towards the end of September. MTCC's static price trend was repeated throughout the period and the prices moved within a narrow price band of Rf250-350.

News

- As at 30 September 2006 (closing date for Dealing Companies applications) 5 parties have applied for licenses. CMDA is now in the process of evaluating the applications. The best 4 proposals will be selected for licensing within a timeframe of 45 days from the close of applications.
- In a letter to the CMDA, Allied Insurance Company has revealed its plans to issue shares to the public by 1st December 2006. Allied Insurance Company is a subsidiary of STO.
- The Securities Dealers / Stock Brokers Training Programme 2006 conducted by the CMDA was concluded during the month. The examination for this programme will be held on the 31st October at the CMDA.

Dealing Companies and Brokers

Capital Market Development Authority (CMDA) is in the process of licensing market intermediaries such as Dealing Companies and Brokers (Dealer's representatives). As such, it is important to look at some of the questions that investors may ask in relation to this development.

Who are Brokers?

Brokers are representatives of Dealing Companies who buy and sell securities for clients on a commission basis. Brokers may also provide other ancillary services to a client. When brokers are licensed at the latter half of this year the trading system of the STF will change and investors would be required to place their orders through a licensed broker.

Can a client's money be misused by a Broker?

Regulation pertaining to conduct of business by Dealing Companies, mandate dealing companies to keep clients money segregated from their own money. Client's funds are required to be deposited in a separate account with a local bank. Brokers are permitted to use clients' funds only in accordance with the directions of the client.

How is brokerage charge calculated?

A broker's commission will be a set percentage of the value of shares traded. The broker may also levy charges for other ancillary services provided to a client.

Does the broker have the right to change orders?

Brokers are required to follow client's instructions strictly. If not, clients don't have to pay for the shares or deliver the shares as the case may be. If a client has placed a "discretionary" order with a broker which gives the broker the right to change the quantity of shares or prices at which the client wants to buy or sell, then the broker can change the order within the limits that the client has set. However, the broker must still try to get the client the best deal.

What are the key factors considered in licensing?

The CMDA licenses market intermediaries taking into account the honesty, integrity, expertise, qualifications, financial strength and the ability to provide satisfactory services to clients. To maintain their licenses, intermediaries must abide by the Maldives Securities Act and regulations made thereunder. The rules and regulations promulgated by the CMDA are designed to ensure that the interests of investors and intermediaries are protected.

What is a client's relationship with a Broker?

The basic relationship between a broker and client is one of "principal" and "agent". As agent of the client, the broker is given authority to buy or sell securities on the client's behalf. When a broker does this, he relies on the client (the principal) to fulfill the obligations of the contract when it is executed.

For example, when a client buys shares, his broker (the buying broker) enters into a transaction with a selling broker acting for a client selling the shares. The transacting brokers are legally obligated to settle the transaction between them. However, the brokers in turn look to their clients to deliver the shares and make payment. In the eyes of the law, the agent/principal relationship is built on trust, sometimes called a "fiduciary" relationship. The agent is entrusted by the principal to act on his behalf and therefore has a legal obligation not to betray this trust.

Brokers should recommend suitable investments to clients, taking into account the client's risk tolerance, financial situation and other needs. It is important that an investor should be clear about his investment objectives and keep in mind that the broker cannot make the decision for him.

Can investors lodge complaints about Brokers?

Investors can lodge complaints regarding the professional conduct or activities of a broker to the CMDA. Within two business days of receiving a complaint, the CMDA will acknowledge receipt of the complaint and will institute an investigation. The CMDA will advise the investor of the outcome of the investigation within one month and keep the investor informed of the status of the complaint on a periodic basis while the investigations is ongoing.



Stock Market Monthly Report

October 2006.

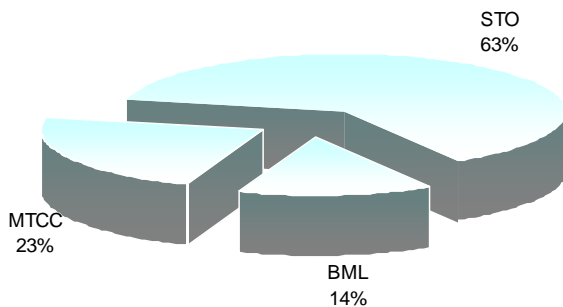
Market Review (October 2006)

The trading activities of the STF showed a tremendous improvement in comparison to the previous month. In terms of trading turnover, it reflected a massive increase of 124 percent compared to the last month's trading turnover by registering a turnover of Rf84,435. The average daily trading turnover for the month also increased to Rf4,690 from Rf1,981 of the preceding month.

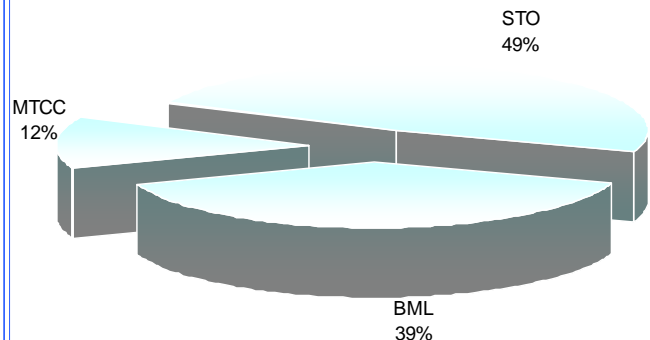
Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,248,948 while the market capitalization as at the end of the month was recorded at Rf838,043,000. However, with the decreasing share prices, the MASIX further depreciated by 1 percent compared to the previous month and closed at value 85.25.

Monthly Statistics

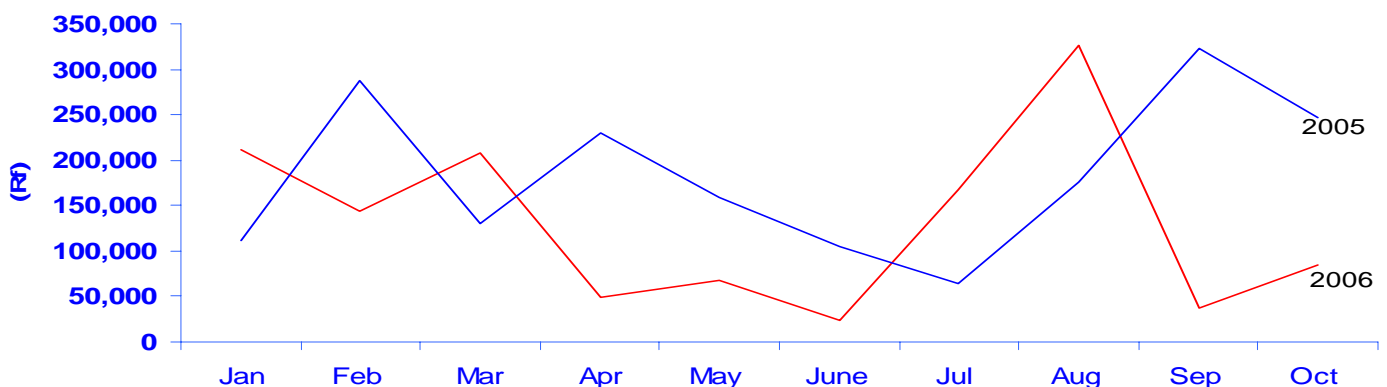
Shares Traded as at Oct. 06



Trading Turnover as at Oct. 06



Trading Turnover



News

- The examination for Securities Dealers / Stock Brokers Training Programme 2006 was held at CMDA on 29th October 2006.
- CMDA will issue a Dealers License to Stock Brokers Maldives on 1st November 2006. A Dealer's Representative (Brokers) license will be issued to Mr. Mohammed Hassan on the same date.
- In a news conference to the public on 31st October 2006, Maldives Industrial Fisheries Company (MIFCO) has revealed it's plans to issue shares to the public in 2007.

STF Trading Sessions and Trading Participants

Effective from 14th November 2006, the trading system of STF will change and the investors will be required to present their orders to the STF through a licensed Dealer's Representative (Broker). All parties who have obtained Dealership and Brokerage License from CMDA are eligible to participate in the trading sessions of the STF. A summary of the trading policy are as follows:

Pre-Opening Session (8:30 – 9:00 am)

Orders will be entered to the order book on a time and price priority basis and the opening price will be established. Order entry, deletion or modification of orders is only permitted during this session and execution of orders shall not be done during this session.

Opening Session (9:00 am)

During this session matching of orders will be done at the opening price. The opening price of a security is the price at which the first trade for the day is executed with a matched order. In the event of there being no trade for certain securities, then the last closing (traded) price for the security shall be made as the opening price for the day. No order entry will be permitted during this session.

Continuous Trading Session (9:00 am – 12:00 pm)

All orders will be executed during this session and if an order cannot be executed then it will be stored as a pending order. Orders will be matched on price and time priority basis.

Closing Session (12: 00 – 12:30 pm)

No order is received during this session. Pending orders executable at closing price and orders matched at closing price will be executed. The closing price for a security will be the last traded price recorded in the closing session. If there is no trade in the security during the continuous trading session the opening price of the security shall be treated as the closing price.

Trade Cancellation

Cancellation of any trade is subject to the agreement of brokers and the STF. The STF may, at it's discretion refuse to allow a cancellation if it considers that the trade was not a result of an error but was an attempt to manipulate the market.

Trade Settlement

Trade settlements will be made on T+2 (2 days after the trade). It is the responsibility of each dealing company to endeavor to provide funds to settle executed transactions on the due date (T + 2).

Proposed Participants of Trading Sessions

The following companies that are short listed for licensing will be eligible to participate in the trading sessions upon receipt of Dealing Company license from the CMDA

- | | |
|--|--|
| 1. Stock Brokers Maldives PVT LTD
G.Manaam Building, 5 th Floor
Tel: +960 3334451, Fax: +960 3334453
Email: info@stockbrokersmaldives.com | 2. Aariya Investment Company Pvt. LTD
M.Villa Building
Tel: +960 3315051, Fax: +960 3344806
Email: mlatheef@parahol.com |
| 3. First Option Pvt Ltd
G.Fus
Fax: +960 3332605 | 4. Island Securities and Brokerage Pvt Ltd
Ma.Milano
Tel: +960 3343901, Fax:+960 3343901 |

Suspension of Trading Sessions

The CMDA may, for the protection of investors or for the conduct of orderly and fair trading cancel a trading session or defer or re-schedule the start of a trading session. CMDA may suspend trading in an individual security if instructed to do so by a listed company prior to a 'books close date' to ensure orderly trading.



Stock Market Monthly Report

November 2006.

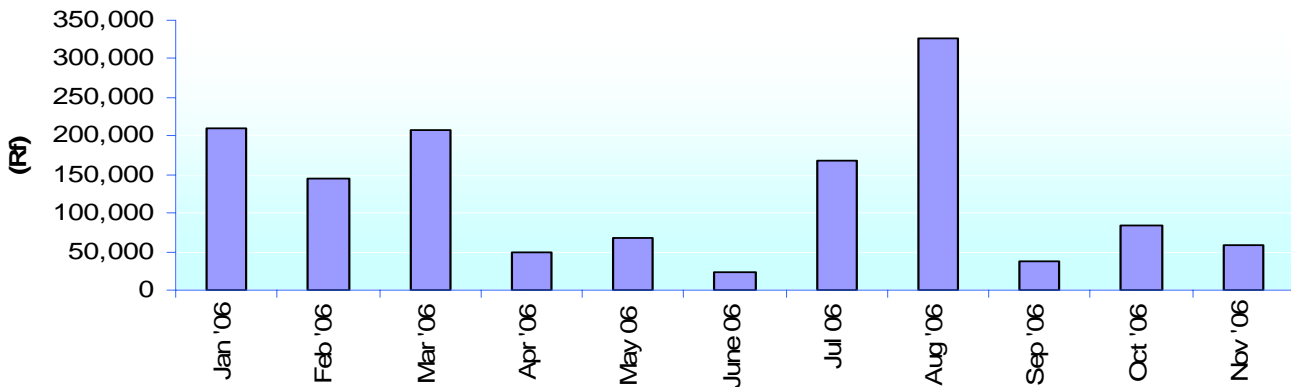
Market Review (November 2006)

The overall trading performance of the STF has declined in comparison to the previous month. Moreover, in terms of trading turnover, the trading activities of the STF fell by 30 percent and the trading turnover for the month was recorded Rf58,976. Meanwhile the number of shares transacted through the STF also decreased to 60 shares from 141 shares recorded in the previous month. During the month under review, the average daily trading turnover stood at Rf2,564.

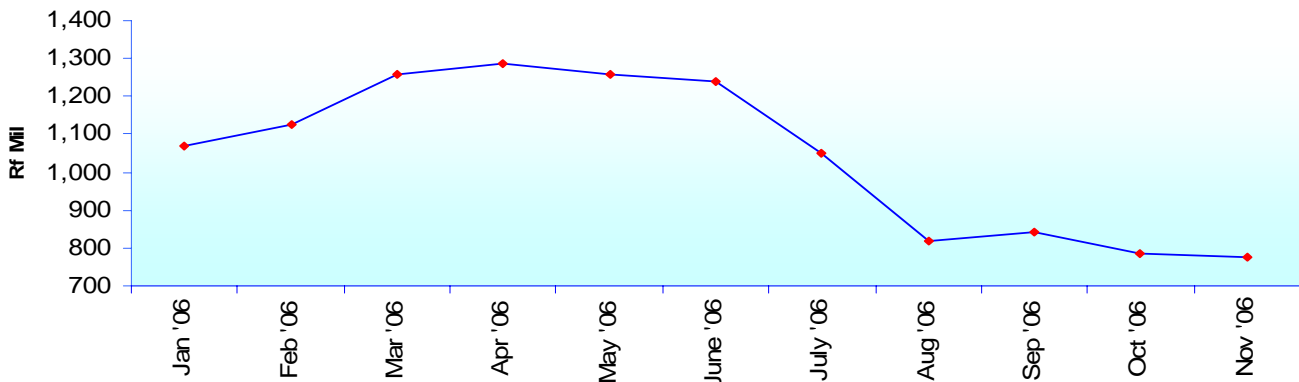
Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,307,924 while the market capitalization as at the end of the month was recorded at Rf775,611,500. In conclusion, the MASIX closed at value 78.90.

Trading Statistics

Monthly Trading Turnover



Market Capitalisation



News

- CMDA issued Dealers license to Island Securities and Brokerage Pvt Ltd., Aariya Investment Company Pvt. Ltd., and First Option Pvt. Ltd.
- CMDA CEO participated in the 10th Annual General Meeting of the Asia Pacific Securities Depositories Group (ACG) held at Pakistan from November 8-10, 2006.

SHAREHOLDER RIGHTS

The draft Code of Corporate Governance (Code) states that companies listed on the Maldives Stock Exchange should make an effort to educate their shareholders as to their rights and responsibilities. The following paragraphs based on the Code impose obligations on the listed companies to undertake activities to increase and facilitate shareholder activism.

Shareholder Communications

- Companies should engage in regular, effective and fair communication with shareholders at general meetings or through other means.
- Companies should regularly convey pertinent information, gather views or inputs, and address shareholders' concerns.
- Companies should disclose information equally to all shareholders.
- Where there is inadvertent disclosure made to a selected group, companies should make the same disclosure publicly to all others as soon as practicable.

General Meetings

- Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.
- Shareholders should be well-informed regarding general meetings and the meeting should be organised in a manner that allows for maximum shareholder participation, subject to reasonable limitations, and equitable treatment of shareholders.
- The notice of the annual general meeting should include information about the agenda items to be discussed, including a description of auditor candidates, director candidates, and the text of proposed resolutions.
- The information provided about the agenda items for any general meeting should be detailed enough to allow shareholders to make an informed decision.
- The outcome and proceedings of general meetings should be recorded and be verifiable.
- The chairpersons of relevant committees should be present and available to address questions at general meetings.
- The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Voting Rights

- Voting rights and procedures should be clearly explained to shareholders so they may fully assert their rights in general meetings.
- In establishing the voting procedures and rights for companies, the principle of one share, one vote should guide every company.
- Within a class of shares, all shareholders should have the same voting rights.
- Information regarding the voting rights of all classes of shares should be available to potential shareholders.
- To facilitate voting by shareholders, proxy voting rules should be simple and easy to follow.
- Shareholders may also be allowed to vote in absentia.
- Companies are encouraged to make the appropriate provisions in their Articles of Association to allow for absentia voting methods such as by mail, email, fax etc., where the shareholders consent.
- There should be separate resolutions at general meetings on each substantially separate issue.
- Companies should avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are 'bundled', companies should explain the reasons and material implications.



Stock Market Monthly Report

December 2006.

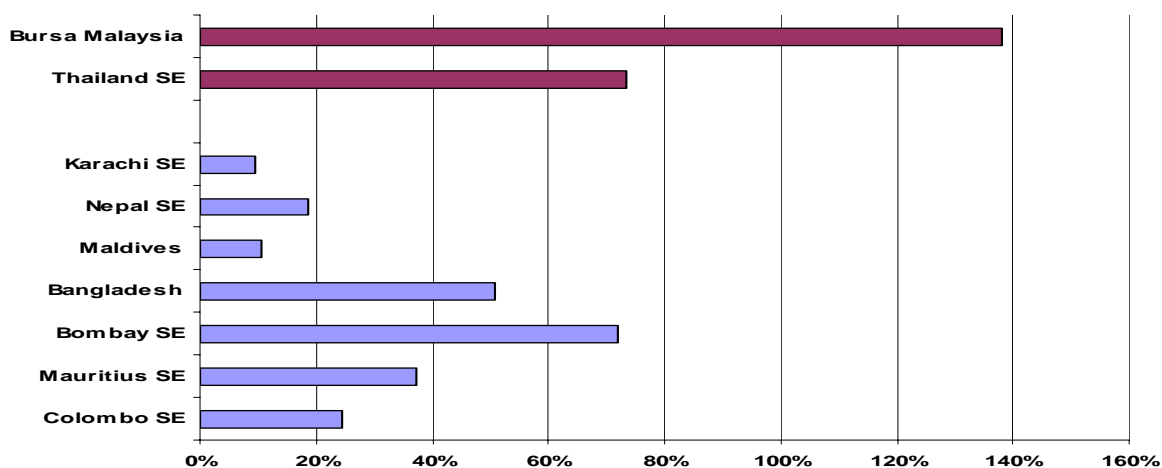
Market Review (December 2006)

In terms of trading turnover, the trading activities of the STF showed an improvement of around 35 percent in comparison to the previous month. The trading turnover for the month was recorded Rf79,420. The average daily trading turnover for the period also increased to Rf3,971 from Rf2,564 of the last month. However, the number of shares exchanged through the STF decreased to 57 shares from 60 shares of the last month.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,387,344 while the market capitalization as at the end of the month was recorded at Rf766,823,300. Commensurate with the decline in market capitalization, the MASIX closed at 78 points depreciating by 35 points compared to last year.

Market capitalization to GDP of selected Asian Countries

The graph below depicts the market capitalization to GDP of selected Asian countries as at 2005. The Maldivian market, trading with few stocks has a high percentage of market capitalization to GDP.



Source of Data: South Asian Capital Markets Conference held at Colombo (November 2006)

MARKET NEWS

IMF mission

On the invitation of the CMDA, a mission of the International Monetary Fund (IMF) visited Maldives during late November 2006. The main purpose of the mission was to advise on development and implementation of a licensing regime for securities market intermediaries.

BML Selected as the Clearing Bank

During the month under review, BML was selected as the clearing bank for the stock market. The agreement to this effect was signed by the CMDA, the BML and the clearing members (Dealing Companies) of the STF at a signing ceremony that was held at CMDA on 26th December 2006.

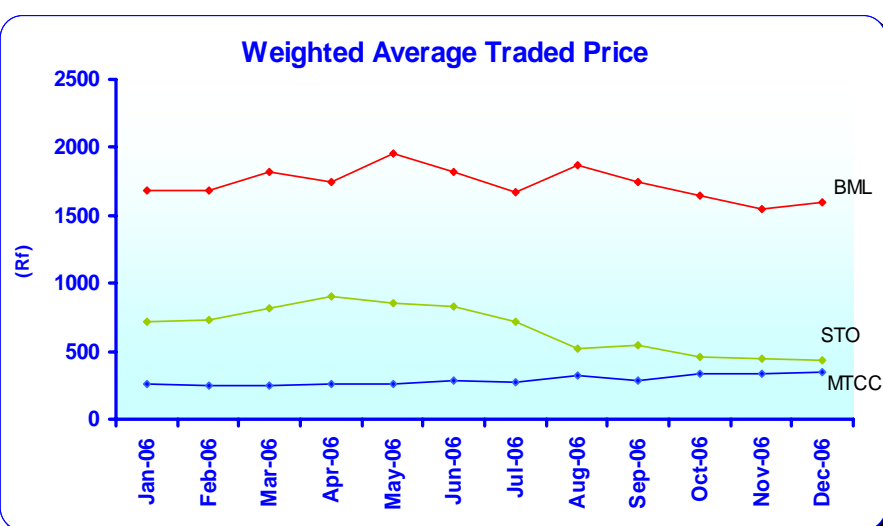
Launch of the SAFE Regional Index (South Asian Index)

The CMDA has signed a multilateral Memorandum of Understanding with members of the South Asian Federation of Exchanges (SAFE) to launch the SAFE Regional Index. The index to be launched during the year 2007 will provide an overview of the performance of the SAFE equity markets as a regional grouping. The Index would also highlight the investment potential of the region and serve as an underline tool for developing new investment products.

Annual Review 2006

The year 2006 marks a major milestone in the development of the Maldivian capital markets: the commemoration of nearly a year's operation of the Capital Market Development Authority (CMDA) and the ratification of the Maldives Securities Act. Despite the numerous challenges that CMDA faced in its development objectives, tremendous achievements were recorded compared to last year. Among the most significant work undertaken in this regard includes introducing a framework for promoting good corporate governance as well as licensing market intermediaries to facilitate international best practices in trading, clearing and settlement and other market activities.

Despite new developments in the market, market volumes during the second half of the year remained depressed as investors diversified their investments by investing in new companies such as the Maldives Tourism Development Corporation (MTDC). The MTDC issue which is the largest in the history of the Maldives capital market continued during the latter half of the year and absorbed over Rf100 million from the market. The success of the first issue of MTDC and the subsequent share issue that continued at the end of the year had a short term negative impact on the stock market and contributed to the decrease in turnover of around 47 percent in comparison to the previous year.



Further analysis of the total trading turnover for the year (Rf1,457,347) reflected that the first quarter showed an increase of around 6 percent in comparison to the same period of 2005. On the contrary, the second quarter observed a massive decrease of around 71 percent against the second quarter of 2005. The declining trend continued through the third quarter and registered a slight reduction of around 6 percent compared to the corresponding period of 2005. The last quarter of the year again reflected a further decline of around 81 percent against the corresponding period of the last year.

The volume traded for the year also fell from 3722 shares down to 1952 shares recording a decline of around 48 percent. In contrast the weighted average share prices of BML and MTCC had slightly increased compared to the year 2005. The BML share prices registered an increase of around 22 percent while MTCC share prices climbed by around 12 percent. On the other hand, STO share prices had fallen by around 25 percent against the previous year.

The share price movement pattern of the three companies followed a similar pattern to the previous year. The prices of STO moved within a price band of Rf700- Rf850 and took a sharp dip in the latter half of the year and fell to Rf430 towards the end of the year. The MTCC share prices stabilized within a price band of Rf240-Rf300 and moved upwards towards the end of the year and closed at Rf350. Unlike MTCC, the BML share prices were more volatile and fluctuated within a price band of Rf1500-Rf2000 and showed an upward trend.

With the decline in prices of STO, the total market capitalization as at the end of the year also fell to Rf766, 823,300 registering a decline of around 55 percent in contrast to the previous year. Commensurate with the reduction in market capitalization, the MASIX closed the year at 78 points depreciating by 35 points compared to the last year.

The year 2006, being the first year of its operations, CMDA has endeavored to lay down a strong yet flexible foundation that can develop and support the capital market. We are confident that the continued joint efforts of CMDA, government and market participants will lead to the successful achievement of the vision of a viable capital market.

Quote of the Year: *"A developing economy if it is to progress, needs a fast expanding capital market. Such a market plays an essential role in the financial and economic sophistication of the country, without which only limited growth is possible"* – Dr. Mahathir Mohamed