

Securities Trading Floor

M.T.C.C Tower, 4th Floor, Male'
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www.maldivesstockexchange.com.mv

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"STF WISHES
INVESTORS A VERY
HAPPY EID AL' ADHA"

Stock Market Monthly Report

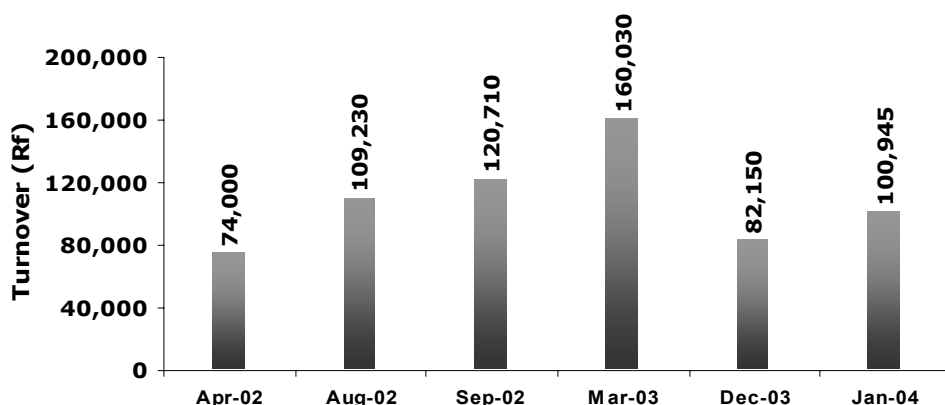
January 2004.

January 2004 performance

During the month under review, 14 trades were concluded and a turnover of Rf100,945 was contributed from these trades. The trades comprised 90 shares of MTCC, 65 shares of BML and 33 shares of STO. The average daily trading turnover for the month stood at Rf5047.25. Including the month's trading turnover, the total cumulative trading turnover of the STF has reached to Rf1,200,275 since the inception of the STF. Market capitalization as at 31st January 2004 was recorded as Rf747,675,000.

Best months of trading

According to the STF's statistics, March 2003 was recorded as the peak month of trading since its establishment. The best months of trading in terms of turnover are as follows:



- March 2003 was the record month of trading so far, representing a total trading turnover of Rf160,030. During the month, 14 trades were executed which comprised a total of 424 shares.

- September 2002 was registered as the second best month of trading. A turnover of Rf120,710 was recorded for the month. During the month, 14 trades were executed which comprised a total of 275 shares.
- August 2002 was also counted as one of the best months of trading since the total trading turnover for the month reached Rf109,230. During the month, 17 trades were executed which comprised a total of 226 shares.
- The month under review, January 2004, was also noted as one of the best months of trading since the turnover for the month was recorded as Rf100,945. During the month, 14 trades were executed which comprised a total of 188 shares.
- December 2003 was also an active month of trading and recorded a turnover of Rf82,150. During the month, 15 trades were executed which comprised a total of 169 shares.
- The trading performance in April 2002 was also significant because the trading facility was commenced on 14th April 2002 and within a half month of trading a turnover of Rf74,000 was recorded. During the month, 8 trades were executed which comprised a total of 125 shares.

Frequently used terms explained

Bear market	A market in which prices are declining and sentiment is pessimistic (opposite of a bull market.)
Bull market	A market in which prices are rising and sentiment is optimistic (opposite of a bear market.)
Bonus shares	Shares issued free by a company to its shareholders on a pro rata basis according to the number of shares held by them. A bonus issue of shares does not raise any funds.
Capital	A term used by both individuals and companies to mean a supply of money e.g. a company's loan capital refers to money borrowed and its share capital refers to money raised by issuing shares.
Capital Gain/Loss	The difference between sale price of an asset and its cost of acquisition.
Capital Gain Tax	A tax payable on the capital gain made when an asset is sold for more than its cost of acquisition.(Currently there are no capital gain taxes in the Maldives.).
Directors	A person elected by the shareholders to be responsible for the management and operation of the company.
Dividend yield	The return on a share investment calculated by dividing dividend on a share by the market price of the share and expressed as a percentage.
Equities	Another name for a company shares.
Face Value	The face value of a share is set at the time of issue.
Liquidation	The winding up of the affairs of a company including the sale of its assets ,settlement of its liabilities (if possible) and payment of any remaining cash to its shareholders
Return	The money a person makes from an investment expressed as a percentage of the cost of the investment.
Rights issue	An offer made to the existing shareholders to buy new shares in the company at a discount to the prevailing market price of the shares. The shares offered to the existing shareholders in proportion to the number of shares already held.
Risk	A measure of the variability of returns i.e. it may be higher or lower than you expect. The higher the variability of returns, the greater the risk and greater the return that an investor expects to compensate him for the higher risk and vice versa.
Short Selling	This is where securities are sold by a person who does not own them .Usually a seller would be required to enter into an agreement to borrow shares to make the good delivery prior to selling shares he does not own.
Stock Broker	A professional who acts as an agent to buy and sell shares on behalf of members of the public for a commission (a brokerage fee)
Uncalled Capital	That part of a company's issued capital, which has not been issued to the shareholders.
Underwriting	Means a commitment to purchase unsubscribed shares following an issue of offer of securities
Yield	The return on an investment usually expressed as an annual percentage over the initial investment.

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"INVEST IN SECURITIES
FOR DIVIDEND AND
CAPITAL GAIN"

Stock Market Monthly Report

February 2004.

February 2004 performance

The month under review recorded 10 trades through the STF. A total of 91 shares which consisted of 70 shares of BML, 11 shares of MTCC and 10 shares of STO were transacted through the STF during the month. From these trades, a turnover of Rf64,240 was registered as the month's total turnover. The trading turnover for the month showed a decrease of around 36.4 percent in comparison to the preceding month's turnover. The average daily trading turnover for the month was recorded as Rf3,779. Including the month's trading turnover, the total cumulative trading turnover of the STF since the establishment of STF has reached to Rf1,267,015. Market capitalization as at 29th February 2004 was recorded as Rf769,676,500.

Trading Statistics (14th April 2002 to 29th February 2004)

Company	MTCC	BML	STO
Highest traded price (Rf)	600	1200	800
Lowest traded price (Rf)	150	585	400
Last traded price (Rf)	210	800	550

The proposed Securities Bill.

His Excellency President Maumoon Abdul Gayoom has announced, in his presidential address to the Majlis on 26th February 2004 that the Commercial Securities Bill has been submitted to the first session of the People's Majlis this year.

The Commercial Securities Bill shall provide a framework for the development of a supervised market for the trading of shares and other securities in Maldives. The proposed Bill also provide a basic regulatory structure for the securities market which will encourage the use of the market by investors. The Securities Bill is based on international best practice and covers the following essential elements.

- **Transparency** - Investors need to be assured that the companies in which they are being asked to invest their money really have the value attributed to them, and that there are no concealed defects.
- **Integrity** - The brokers, dealers and financial advisors who are facilitating in bringing buyers and sellers together and providing financial advice must be trustworthy and disciplined. Where necessary, disciplinary and corrective action shall be taken by the regulator.
- **Certainty** - Investors need to know that there are rules governing the market and the way in which securities are bought and sold. These rules must be clear and operate so as to ensure speedy and efficient transfer of the security from sellers to buyers,
- **Regulator** - It is important to investor confidence that the fairness of the market rules and proper functioning of the market is monitored by an independent body, usually labelled a regulator.

More details about the Commercial Securities Bill will be published after the Bill is enacted.

Proposed Maldives Securities Depository (MSD)

Maldives Securities Depository (MSD) will be a system which handles share transfers and facilitate safe keeping of securities. The MSD system would enhance share trading and make trading more effective as the system would simplify the share trading procedures and streamline the back office functions connected to share trading. In short, MSD would be designed to make share trading speedy, accurate and efficient.

MSD accounts would function like normal bank accounts. However, MSD accounts would deal with securities whereas normal bank accounts deal with money.

Services of the MSD

As a service provider, MSD would provide the following services for the investors.

- Provide for deposit and withdrawal of shares.
- Facilitate share transfer without a physical share certificate.
- Facilitate safe custody of securities.
- Provide share transaction details and periodical MSD account information to the investors.

Benefits of the proposed Maldives Securities Depository

- Eliminate the delay involved in share trading and issue of share certificates.
- Simplify the trading procedure and streamline the back office functions connecting to share trading.
- Reduce paper work involved in the share transfers. Each time a trade is concluded a new physical share certificate will not be issued in the name of the buyer. However, the transaction would get recorded in the buyer's account in the MSD.
- Avoid forgeries of share certificates. The MSD will send the share certificates to the company for the necessary entries to be made in the company share ledger and any forgeries will be detected by the company prior to the deposit of shares in the MSD account.
- Shares purchased maybe resold as soon as payment is realized, without waiting for a certificate.
- Simplified procedure for securities issuance help issuers raising finance from the capital market.

How an MSD account will operate?

- Investors would need to open accounts by filling up respective forms and submit them to the Capital Market Development Section (CMDS).
- To deposit securities in the MSD account the Share Transfer form will need to be filled and submitted to the CMDS with the original share certificate.
- Investors will have nil balance in their accounts until they purchase shares through the Securities Trading Floor or deposit shares in the MSD account. Shares will be transferred from one investor's account to another investor's account within the MSD by a mere book entry resulting in scripless trading.
- Transfers of shares in and out of the MSD will be sent to the respective company for registration. This would only happen when a share certificate is deposited in the MSD or when an investor who already has shares in the MSD needs the physical share certificate. i.e. withdrawal of shares from MSD.
- MSD will send statements of share transactions to the buyer and sellers for every trade. Monthly statements shall be sent to the MSD account holders who have been actively trading during the month. However, all account holders shall receive a quarterly statement of their share accounts with the MSD.

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"Investor awareness
as a main 'driver' of
the market"

Stock Market Monthly Report

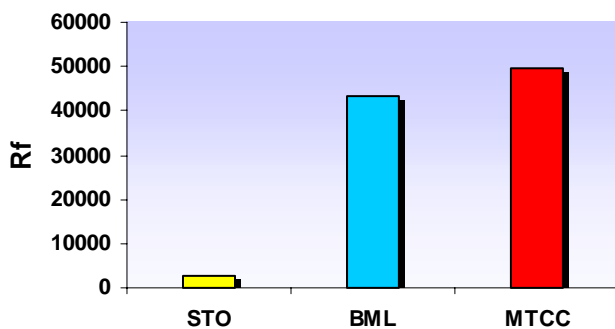
March 2004.

March 2004 performance

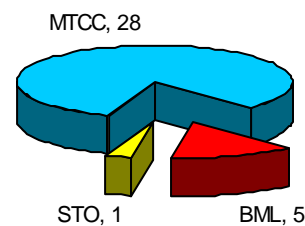
The month under review recorded 34 trades through the STF. The trades comprised 213 shares of MTCC, 55 shares of BML and 5 shares of STO. The trading turnover for the month was recorded as Rf95,956. This is an increase of around 49 percent compared to the preceding month's trading turnover. The average daily trading turnover for the month was registered as RF4,172. Including the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf1,362,971 while the market capitalization stood at Rf739,167,750 as at the end of the month.

Breakdown of monthly statistics

Trading Turnover



No. of trades



Market Statistics (14th April 2002 – 31st March 2004)

Company	Last traded Price (Rf)	Highest Traded price (Rf)	Lowest Traded price (Rf)	Closing quotes (as at 31/03/04)	
				Buy (Rf)	Sell (Rf)
MTCC	225	600	150	220	262
BML	750	1200	585	750	950
STO	525	800	400	550	600

Company News

Housing Development Finance Corporation Limited (HDFC) which commenced commercial operations on 29th March 2004 is a 100 percent government owned company registered under the Companies Law 10/96. The main activity of HDFC is to provide affordable housing finance in the form of long term loans.

CMDS understands that the company is structured from inception to serve as a public company. The HDFC information bulletin published on 29th March 2004 also states that it has plans to sell debt and equity in the future. It is our sincere wish that more companies will follow the route of HDFC and consider the benefits of 'going public' and make use of the facilities provided by the CMDS and STF to the public companies.

Investor Education and Awareness

As the concept of capital market is new to Maldives, much of capital market developmental efforts are targeted to educate and create market awareness. Since the establishment of the Capital Market Development Section (CMDS) in 1999, several awareness programmes have been held targeted to different segments of the market. The outcome of these awareness sessions have had a positive effect on the share market. It has been observed that market awareness is one of the main drivers of the local stock market. Therefore, continuing the awareness programmes and reaching a wider audience is a priority.

The purpose of CMDS Investor Education Programme is to sensitize the Maldivian population on the objectives of establishing a stock exchange, the nature and the type of tradable instruments, the stock brokers, investing in the market and the role of the regulators. CMDS considers the participation and awareness of all stakeholders, Government, business community, financial community, the press and the media as crucial for the development of a capital market in Maldives.

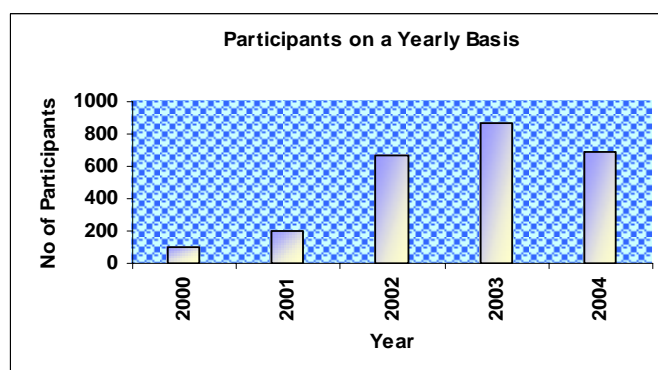
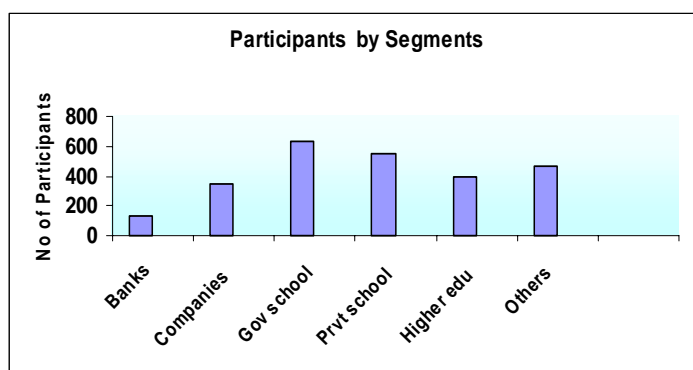
The main objectives of the Investor Education Programme are as follows:

- To assist and support investors to invest in the local stock market.
- To assist and support government and private sector companies wishing to raise finance from the capital market.
- To give information on new capital market products and services.
- To give information on new investment opportunities in the area of capital market so as to encourage institutional building.

To achieve the above objectives the following services are provided by the CMDS;

- Publishing brochures and educational information on the stock market.
- Delivering presentations on selected topics relating to capital market.
- Supporting a website of resources, www.maldivesstockexchange.com.mv, which includes educational materials and information about capital market in Maldives and share prices in real time.
- Announcing of stock prices through the media (radio, TV and news papers) on a daily basis.
- Make available a video clip on the stock market on request for borrowing.
- Conducting training programs, seminars and discussions with target groups.

The CMDS Investor Education Programme has been very successful. A total of over 2,500 people have participated in the awareness programmes. The diagrams below depict a segment analysis of people who participated in the investor education programmes from year 2000 to March 2004.



With past experience, several changes have been made and are under consideration to widen and develop the investor education programme so as to make the presentations more effective. So far the main beneficiaries of the programme is the population living in Male'. However, plans are under consideration to expand the Investor Education Programme to the islands to further facilitate the opportunities for investing in the local stock market to the population living in the islands.

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"STF CELEBRATES TWO
YEARS OF SUCCESSFUL
SHARE TRADING"

Stock Market Monthly Report

April 2004.

Maldives Securities Depository (MSD) is established

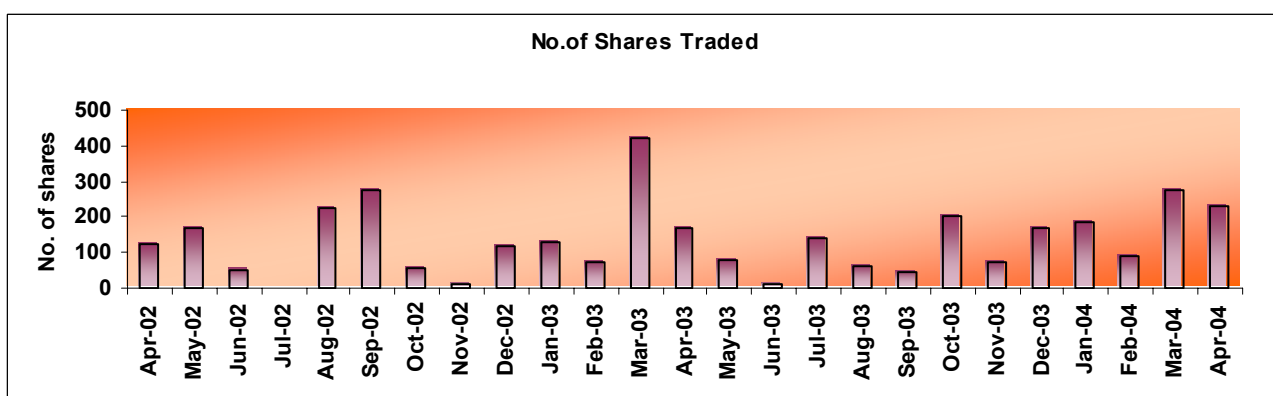
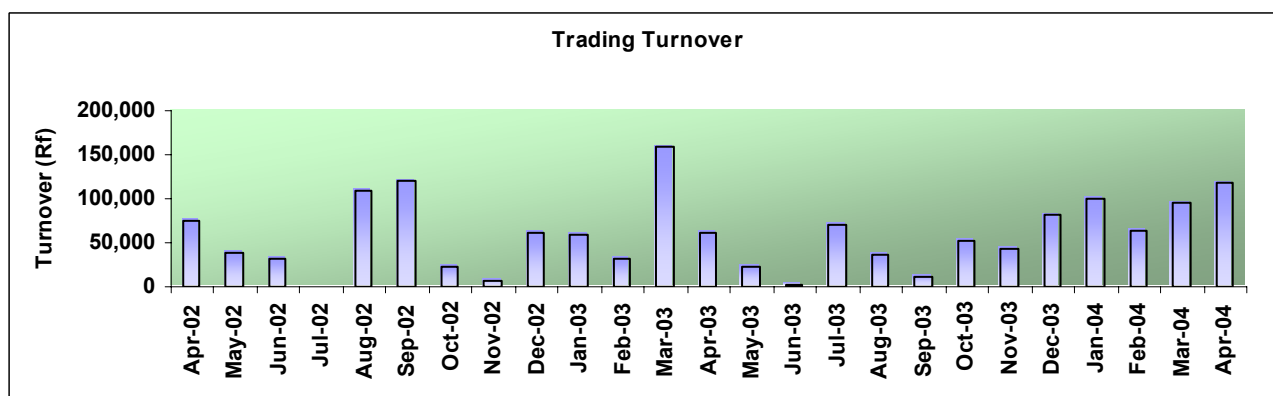
STF looks back at the past two years since its establishment with great satisfaction for having had the opportunity to facilitate substantial share trading in Maldives. To further facilitate wider participation of investors in securities trading, and to introduce a scripless trading system, the Maldives Security Depository (MSD) was established on 14th April 2004 coinciding with the second anniversary of the Securities Trading Floor. The MSD system is designed to make share trading speedy, accurate and efficient.

The Securities Depository is opened within the premises of the Capital Market Development Section, MTCC Tower, 4th floor from 8.30 am to 2.00 pm everyday except public holidays.

April 2004 performance

The month under review recorded a total 25 trades through the STF. These trades comprised of, 100 shares of BML, 89 shares of MTCC and 40 shares of STO. The trading turnover for the month was registered as Rf118,496. Including the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf1,481,467 while the total market capitalization as at 30th April 2004 stood at Rf 856,243,300.

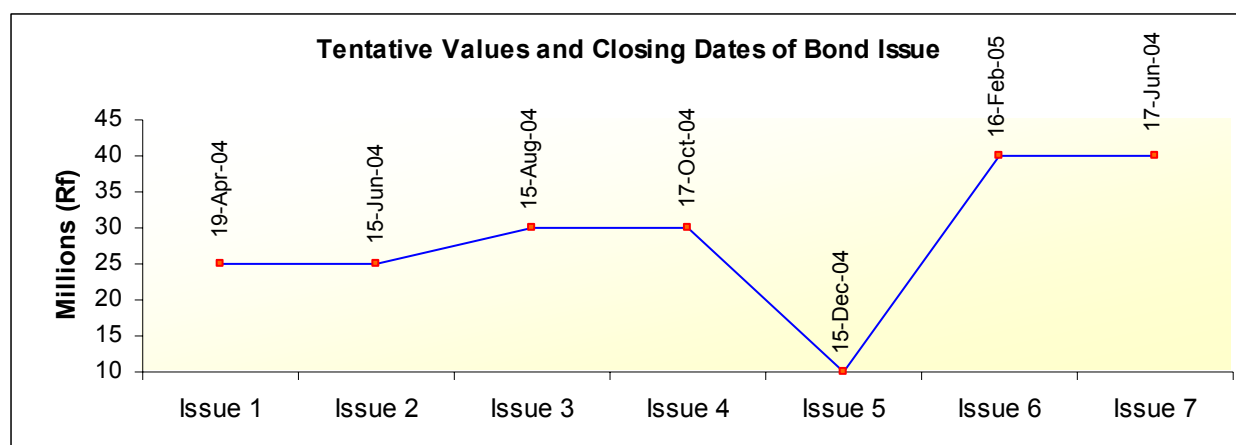
Trading Statistics (14th April 2002 to 30th April 2004)



Housing Development Finance Corporation (HDFC) Bonds

HDFC sailed into the history of Maldives on 14th April 2004, being the first Maldivian company to issue corporate bonds since the establishment of an organized securities market. This historical issue which also coincided with the second anniversary of the Securities Trading Floor was a significant step forward in the development of the capital market in the Maldives. It would further broaden the market by adding a tradable debt instrument to the existing equity market.

The main objective of the issue, which had a series of seven trenches, was to raise Rufiyaa 200 million from the local market by issuing 200,000 bonds of Rf1,000 each. According to HDFC, the funds from the issue would be utilized to grant long term housing loans to the Maldivians. The graph below depicts the amounts to be raised and closing dates of the issue:



The salient features of the bond issue:

- The annual interest rate (Coupon Rate) was fixed at a rate of 1.00 percent, 1.50 percent and 2.00 percent above the Central Bank's Certificate of Deposit rate at the time of each issue for maturities of one-year, three-years and five year bonds respectively.
- The interest and the repayment of principal monies on redemption of these bonds are guaranteed by the Government of Maldives. Interest would be paid annually at the end of every 12 month period from the date of the issue.
- The option to subscribe to 3 maturity periods, investing for one-year, three-years and five years was open to all subscribers. There is no minimum or maximum subscription required.
- The offering of bonds is carried out in a totally "dematerialized" environment. Instead of Bond certificates, book entry records of bond holdings are maintained in the company and statements are issued to evidence bond holdings.
- HDFC bonds would be eligible for trading in the Securities Trading Floor following the conversion of HDFC to a public company, which is envisaged to be before the end of this year. This will enable the bonds to be traded on the STF and will provide the investors with an avenue to more readily liquidate their investment at the prevailing market rate.

HDFC bond investments provide investors with a fixed rate of return, liquidity and assured redemption of principal with interest. Maldivian investors are now being offered greater choice to diversify their investments.

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**"DARE TO RAISE DEBT
OR EQUITY THROUGH
THE CAPITAL MARKET"**

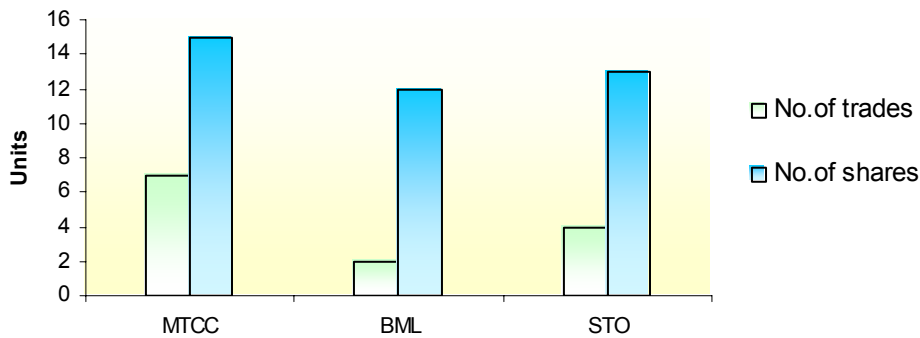
Stock Market Monthly Report

May 2004.

May 2004 performance

During the month a total of 13 trades were concluded through the STF. The trades comprised 15 shares of MTCC, 13 shares of STO and 12 shares of BML. The trading turnover for the month was recorded as Rf22,777. The average daily trading turnover for the month was registered as Rf1,139. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf1,504,244 while the market capitalization stood at Rf940,213,000 as at the end of the month.

Breakdown of monthly statistics



Market Statistics (14th April 2002 – 31st May 2004)

Company	Last traded Price (Rf)	Highest Traded price (Rf)	Lowest Traded price (Rf)	Closing quotes (as at 31/05/04)	
				Buy (Rf)	Sell (Rf)
MTCC	216	600	150	216	220
BML	800	1200	585	760	975
STO	700	800	400	605	700

News from the CMDS "Investor Education and Market Awareness Programme".

- CMDS in collaboration with the Housing Development Finance Corporation (HDFC) held a Bond Trading Session for present and future investors of the capital market on 4th May 2004 at the CMDS. A visiting practitioner from Sri Lanka, Mr.Ajantha Madurapperuma was the key resource person in the Bond Trading session.
- CMDS organized a seminar on Financial Journalism in the Maldives on 17th May 2004 at the seminar room of Maldives Social Centre. A visiting market practitioner who has educated the financial press and shaped financial reporting in Sri Lanka Mr.Ranjit Fernando was the key resource person in the seminar.
- A seminar on the Draft Securities Act was conducted for the members of the Judiciary and also for the successful candidates of the 'Broker/Dealer Training Course' on 27th May 2004 at CMDS. The key resource persons of the seminar were delegates from the visiting mission from the Commonwealth Fund for Technical Corporation (CFTC), Mr.Makbul Rahim (Deputy Director, Legal) of Commonwealth Secretariat and a consultant to CFTC Professor Peter McKenzie QC.

The Proposed Securities Act and Regulations

The proposed Securities Act has been submitted and discussed in the first session of the Peoples Majilis this year. The proposed Act is now referred to a special committee of the Peoples Majilis. Upon vetting by the special committee, the proposed Act will be resubmitted to the Peoples Majilis.

The proposed Securities Act and Regulations are designed to provide an appropriate legal structure for the development of a capital market in Maldives. The proposed Securities Act also provide a framework for the development of a supervised market for trading of shares and other securities. In brief, the proposed legislation will among others, cover the following matters and areas:

- (a) Recognition of a body appointed and funded by the government to provide appropriate oversight of the capital market and any stock exchange or stock trading facility and the licensing of market intermediaries. The regulatory authority recognized under the Securities Act is to be called the Capital Market Development Authority (the Authority).
- (b) Provisions for the Authority to approve the establishment of an interim stock trading facility or approve the establishment of a Stock Exchange. The stock exchange is to be formed by a company incorporated under the Companies Act and must be licensed by the Authority. The rules of the stock exchange must be approved by the Authority.
- (c) Provisions for the licensing of market intermediaries, and in particular the licensing of dealers (dealers must be companies registered under the Companies Act); dealers' representatives, and investment advisers. The Act also makes provision for financial institutions to hold an underwriter's license and for license to be issued for certain specific purpose such as the provision of custodian services and financial journalists.
- (d) The proposed Act will also provides for transparency on the part of market intermediaries by requiring such persons to keep proper accounting records and make these available for inspection by the Authority and to operate a separate and distinct bank account in relation to securities transactions. The monies held in this account are not to be available for payment of the debts of the dealer and the financial statements of the dealers must be audited.
- (e) The Securities Act also requires transparency in relation to market transaction by requiring disclosure of substantial shareholders and a register kept for this purpose. A substantial shareholder is a person who by himself or a nominee or an associated person, holds more than 5 per cent of aggregate voting shares the company. This provision is designed to ensure that the participants in the market have the means of knowing which are the persons who are in a position to influence the control or direction of companies whose shares are being traded.
- (f) The Securities Regulations encompasses detailed provisions governing the conduct of market intermediaries and provide for the discipline of market intermediaries and the oversight of a disciplinary process by the Authority.
- (g) The Securities Act seeks to prohibit undesirable market practice by penalizing insider trading and creating offences in relation to the making of false statements to the market and in relation to fraud in the market and market manipulation.

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"RAISE FINANCE
THROUGH INITIAL
PUBLIC OFFERINGS"

Stock Market Monthly Report

June 2004.

June 2004 performance

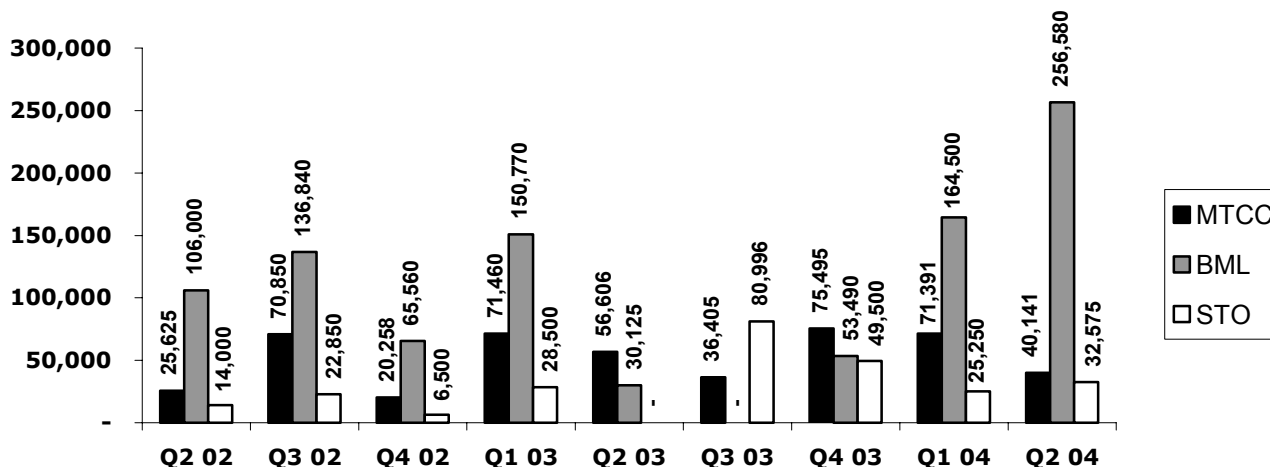
The month under review was recorded as one of the prosperous months of trading since the establishment of the STF. The turnover for the month was recorded as Rf188,023. With the record monthly turnover the average daily trading turnover for the month was registered as Rf8547.

A total of 30 trades comprising of 174 shares of BML and 79 shares of MTCC were transacted during the month. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF had reached Rf1,692,267, while the market capitalization stood at Rf940,028,600 as at the end of the month.

Market Statistics (14th April 2002 – 30th June 2004)

Company	Last traded Price (Rf)	Highest Traded price (Rf)	Lowest Traded price (Rf)	Closing quotes (as at 30/06/04)	
				Buy (Rf)	Sell (Rf)
MTCC	225	600	150	210	225
BML	780	1200	585	800	1050
STO	700	800	400	660	700

A Breakdown of Quarterly Turnover



Company News

During the month under review, the share registration books of STO were closed from 10th June to 24th June 2004, in preparation for the Annual General Meeting (AGM) of the company. The AGM of the STO was held on 24th June 2004 at STELCO.

At the AGM a dividend of Rf110 per share was declared for the preceding year. Although STO made record profits during 2003 the dividend per share of STO shares has decreased slightly as a result of issuing new shares to the public in 2003 and also due to the huge investments that have been made by the company during the last year.

STO has demonstrated a fine example of good corporate governance by releasing the complete set of audited financial statements to the public within 6 months of the year ending and also holding the AGM within six months of the year ending. The good corporate governance practices that STO is exercising will facilitate efficient operations of the company and add value to its investors and other stakeholders.

‘Going Public’ – Issue of securities to the public

The term ‘going public’ means offering of securities of a company to the general public by way of a public offering. Prior to the issuing of securities to the public, the company should issue a prospectus in accordance with the Companies Act and Regulations promulgated under the Act. The prospectus shall be approved by the Registrar of Companies before the public offering commences.

The standard procedures for issuance of securities are briefly stated as follows:

1. Obtain approval from the Board of Directors for the issue of shares and for the capitalization plan.
2. Draft the Prospectus for the IPO as stated in the Prospectus Regulations.
3. Seek approval from the Registrar of Companies for the issue of the Prospectus & securities.
4. Arrange the underwriting of the issue and obtain the Underwriting Agreement.
5. Make arrangements with the Managers and the Secretaries to the issue to handle the issue.
6. Get consent letters from the Managers and Secretaries, Bankers to the issue and the Auditors to publish their report in the Prospectus.
7. Open a new Bank Account known as the Public Share Issue Account.
8. Print Prospectus and Securities Application Forms.
9. Distribute copies of the Prospectus to the public.
10. Send copies of the Prospectus to the bankers, brokers and prospective investors.
11. Open the securities issue and keep it open for about 3 to 4 weeks.
12. Announce via the newspapers the opening of the issue prior to the opening of the issue
13. Close the share issue on the same day that it is oversubscribed.
14. Return applications received after an oversubscription together with the cheques as soon as possible or before the lapse of maximum 5 market days after the date of closure.
15. Announce the closure of the issue via the newspapers and through other media.
16. Process the Securities Applications and prepare the list of Allotment.
17. Do the Bank Reconciliation of the ‘Public Share Issue Account’.
18. Finalize the Share Allotments and issue letters of allotment to the new shareholders.
19. File Return of Allotment to Registrar of Companies
20. Dispatch the Share Certificates to the Shareholders

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"MAKE PROFIT BY
TRADING SECURITIES
THROUGH THE STOCK
MARKET"

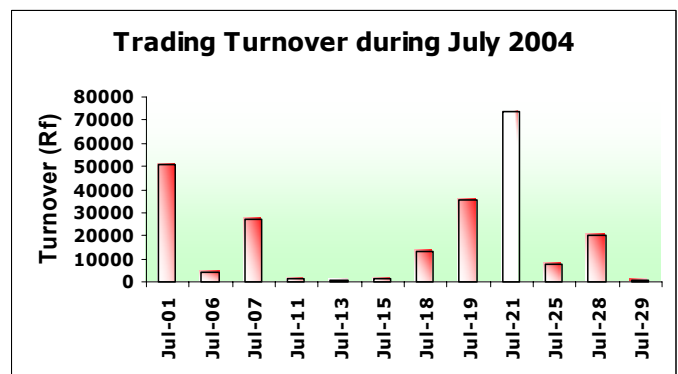
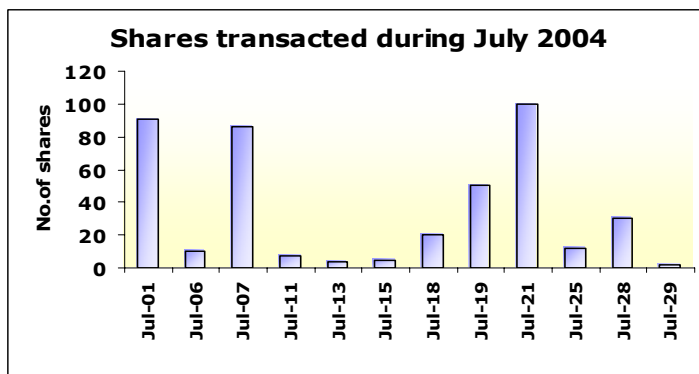
Stock Market Monthly Report

July 2004.

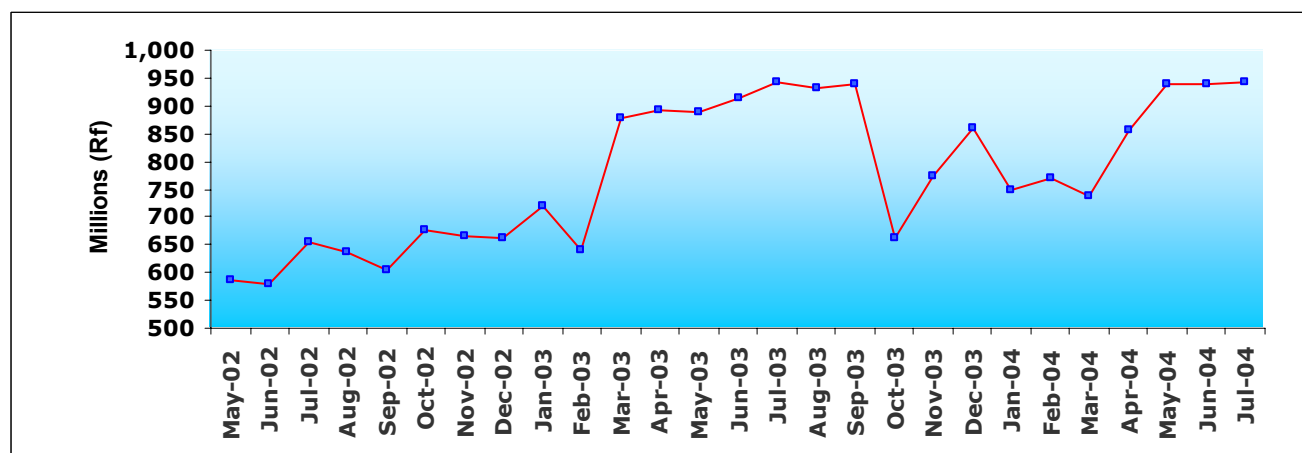
July 2004 performance

The month under review was a successful period of trading as a record trading turnover of Rf237,002 was registered. This showed an increase of 26 percent compared to the previous record trading turnover of Rf188,023. Moreover, the average daily trading turnover for the month stood high at Rf12,474. During this period a total of 24 trades were concluded through the STF. The trades comprised 276 shares of STO, 127 shares of MTCC and 14 shares of BML. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf1,929,269 while the market capitalization stood at Rf943,345,900 as at the end of the month.

Trading Statistics for the period under review



Movement of the market capitalization on a monthly basis



Mid-year review 2004

Stock market activity boosted during the first half of the year 2004 in comparison to the first half of the year 2003. Moreover, the first 6 months of this year was recorded as the best period of trading since the inception of the Securities Trading Floor (STF). Share prices continued to rise on average and the 'bullish trend' that was observed in 2003 continued during the first half of 2004. However, the rise in market prices started to stabilize at the current levels towards the end of June 2004.

Trading activities expanded both in terms of volume and value during the period under review. The number of trades executed in the first half of 2004 increased by around 147 per cent, and the trading turnover increased by around 75 per cent in comparison to first half of the 2003. A sum of 126 trades were executed

from January to June 2004 which comprised 86 trades of MTCC, 24 trades of BML and 16 trades of STO. A breakdown of the trading turnover for the reviewed period in 2004 which was recorded as Rf590,437 showed that BML contributes to around 71 per cent of the total trading turnover while MTCC and STO hold 19 per cent and 10 per cent respectively.

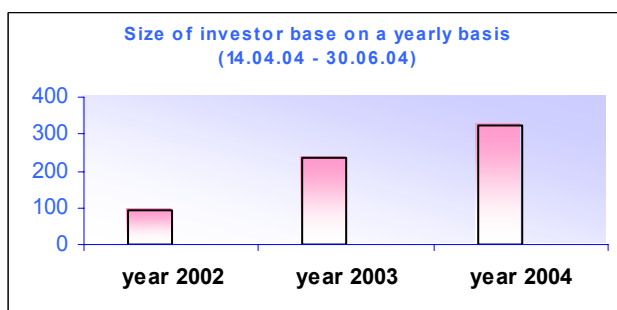
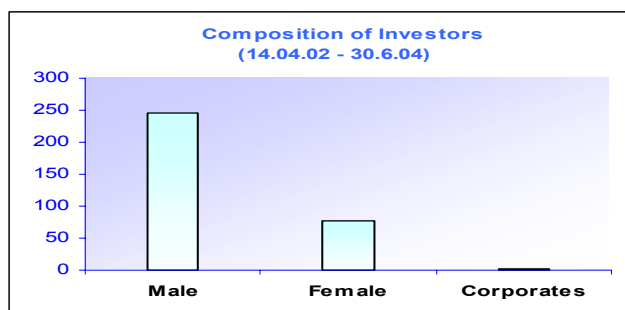
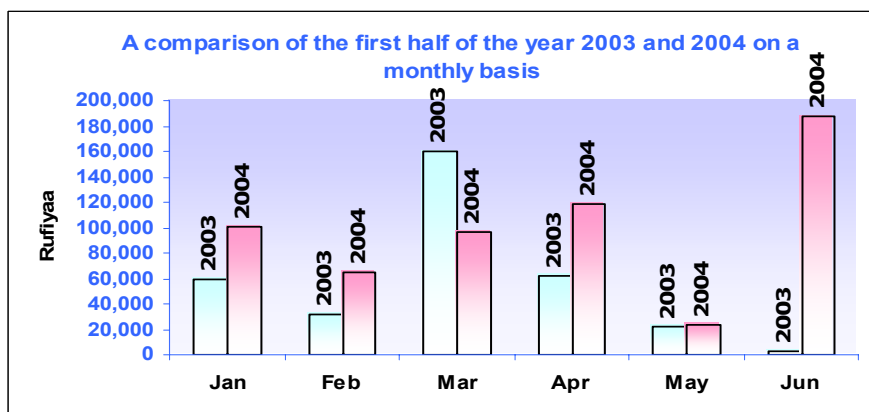
The average daily trading turnover for the first half of 2004 was Rf4840 which

showed an increase by around 74 per cent in comparison to the corresponding period of 2003 which had a daily turnover of Rf2789.

MTCC shares were the most popular securities both in the first half of 2003 and 2004. MTCC stock prices stabilized within a band of Rf 200 - Rf275 in the first half of 2004 after moving within a band of Rf 190 – Rf350 in the first half of 2003. MTCC is continuing to hold the record of the most frequently traded stock.

BML share trading pattern showed more volatility during the period under review compared to the first six months of 2003. The prices of BML shares fluctuated within a band of Rf 750 to Rf 1000 and is seen to be more volatile compared to the corresponding period of 2003 where the prices were more stable moving within a band of Rf 600 to Rf 825.

The share prices of STO reflected quite a different trend compared to the other two companies as the price of STO shares moved upward within a band of Rf 475 - Rf700 in the first half of 2003 and stabilized almost within the same price band during the first half of 2004.



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. Despite this constraint the investor base continued to grow at an exceptional rate in the review period compared to the first half of 2003, as the investors were becoming more aware of the benefits of investing in the stock market as a result of participating in the market awareness programmes conducted by the CMDS. Also, the continuing good economic condition that prevailed in the 1st half of 2004 had contributed to the growth of the investor base.

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"STF CELEBRATES 2
MILLION RUFIYAA
TRADING VALUE"

Stock Market Monthly Report

August 2004.

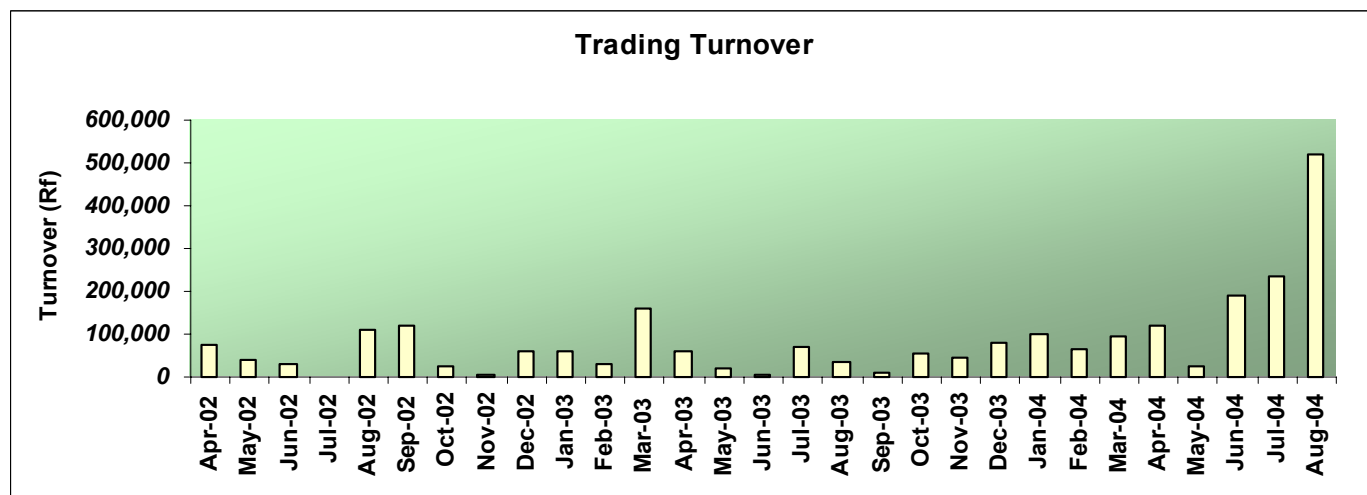
Total trading turnover has exceeded over 2 million rufiyaa mark

The STF's trading activities continued to expand both in terms of volume and value within the past two years. The total trading turnover of STF has reached a 2 million Rufiyaa mark on 12th August 2004 following a trade comprising of 309 shares of STO executed at the rate of Rf650 per share. The 2 million rufiyaa mark was reached within a period of 9 months of achieving the 1 million rufiyaa mark.

August 2004 performance.

The performance of the stock market in August reflected that investor sentiments remained optimistic as the highest ever monthly trading turnover was recorded in the history of the Securities Trading Floor (STF). During the month under review, 865 stocks changed hands for a market value of Rf520,654. Month on month this represented an increase of 107 percent volume (448 shares) and around 120 percent value (Rf283,652). STO stocks enjoyed the most attention from investors during the month. With this month's turnover, the total cumulative trading turnover of the STF has reached Rf 2,449,923 while the market capitalization as at the end of the month stood at Rf 974,362,800.

Monthly trading turnover



Company News

During the month under review, the Government of Maldives took measures to further strengthen the operational efficiency of public companies. Among the important measures taken as such includes changes to the composition of Board of Directors of STO and MTCC and appointing new Chairpersons to STO and MTCC. Dr. Fathin Hameed is appointed as the Chairperson of MTCC and Mr. Hussein Shareef is appointed as the Chairperson of STO from 18th August 2004. The STF recognizes the contribution of the previous Chairperson of STO, Hon. Abdulla Yaamin and the previous Chairperson of MTCC Hon. Umar Zahir for their efforts to support and develop the stock market in the Maldives.

The STF Daily Market Report

Stated below is an explanation of the key points in the STF Daily Market Report to facilitate better understanding by investors. For illustration purposes 15th August 2004 report is used.

Company	Movement (Rf)	Last Sale Price	Vol. traded (No.)	Closing Quotes (Rf)		52 Weeks (Rf) (15/08/03-15/08/04)		Price Earning Ratio	Dividend Per share	Dividend yield (%)	Market Cap (Rf mil.)
				Buy	Sell	Low	High				
MTCC	0	250	1	222	250	200	370	2.4	25	10	62.50
BML	-185	900	-	875	-	750	1200	4.7	85	9.4	109.55
STO	-22	653	-	650	675	400	800	4.6	110	17	735.87

Source: Annual Reports MTCC (2002), BML (2002) and STO (2003). Calculations have been computed only on company performance and not the group performance.

Movement: - This indicates price changes from the previous “last sale” price. A positive movement (+) indicates a share price increase, while a negative movement (-) indicates a fall in share price. A ‘zero’ means there was neither a loss nor gain in price. e.g. MTCC share price had remained stable from the previous last sale price.

52 week high/low: - indicates the highest and lowest traded prices for the last one year (15/8/03 – 15/8/04). It is useful to see if the last sale price is closer to the high or low price to help you decide on buying or selling and at what price. The range between the prices is a measure of the stock’s volatility or price movement. The more volatile a stock is, the more you can make or lose within a relatively short time. Eg. BML shares are the most volatile stock in the market as at 15 August 2004.

Price Earning Ratio (PER): - $\text{PER} = \text{Current Market Price Per Share} \div \text{Earning Per Share (EPS)}$

PER expressed in units of “times”, is a market value measure which indicates the number of years required for an investor to cover the current market price of the shares. It shows the relationship between a stock’s price and the company’s earnings from the last audited accounts. Eg. Current Market Price of STO shares was Rf 653 divided by EPS of STO shares (Rf 141.76 as at 31 December 2003) is 4.6 times. This means the investor will recover his investment within 4.6 years from the date of investment, assuming the same profit and the same number of shares is maintained.

EPS = $\frac{\text{net profit after tax} \div \text{the number of shares}}{\times 100}$

Dividend Per Share (DPS): - the payment or distribution of a company’s annual profits to its shareholders on a per share basis E.g. STO paid Rf110 on every share held by the shareholders for the year 2003. Investors look for companies with higher DPS.

Dividend Yield (DY): - $\text{DY} = \text{DPS} / \text{Current Market Price Per Share} \times 100$

DY is the latest annual dividend payout as a percent of the last sale price. It might not indicate the likely payout in future. It is, theoretical because it assumes the continuation of the existing dividend rate. Eg: - Current market price of STO shares was 653 and the last dividend of STO was Rf110 per share. The DY of STO is 17%. The higher the dividend yield, the higher the return.

Market Capitalisation: - $\text{Number of shares issued} \times \text{last traded price}$

Market capitalization is the market value of a company. i.e. the total rufiyaa value of all the issued shares of the company. Eg: - The number of shares issued by BML (121,720) is multiplied by the market price will give the market capitalization of BML.

Investor should consider a combination of the above indicators in making their investment decisions.

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

Stock Market Monthly Report

September 2004.

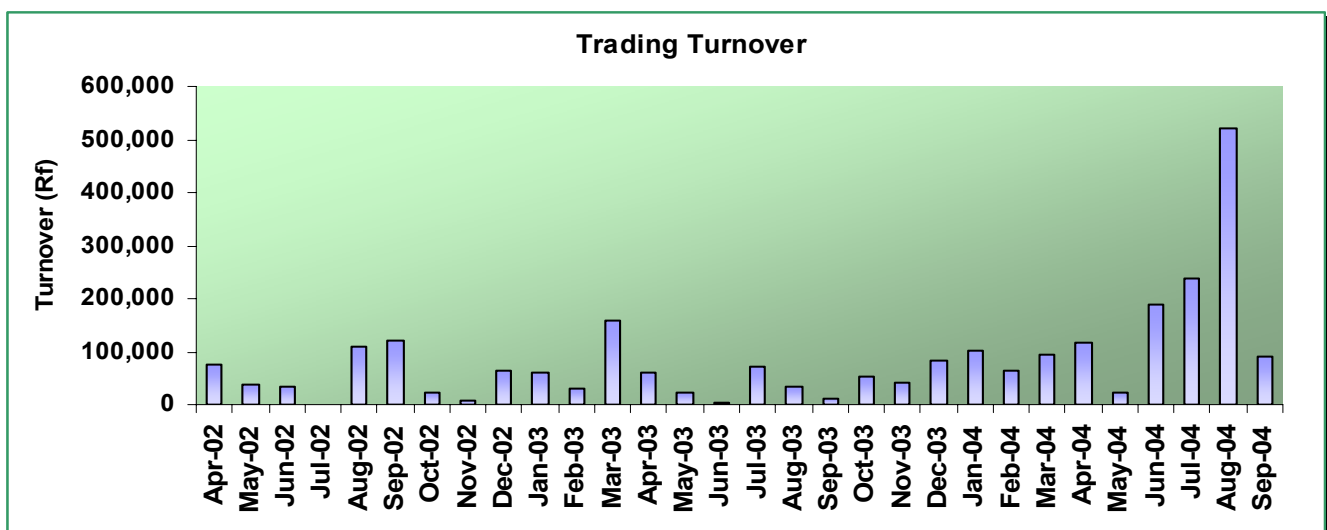
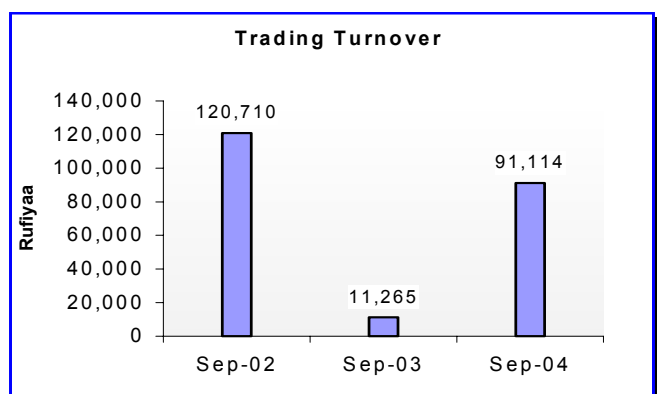
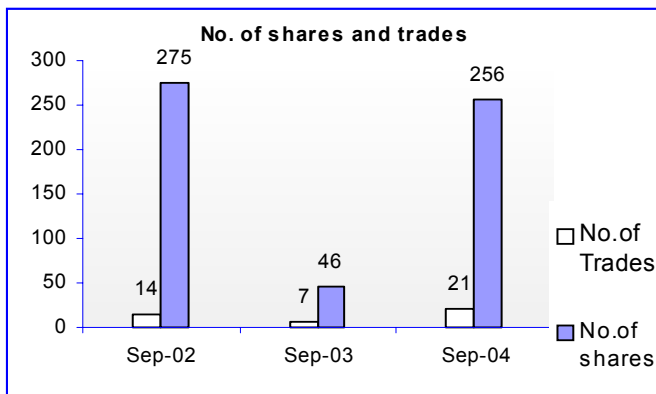
September 2004 performance

The stock market in September recorded a total trading volume of 256 shares for a market value of Rf91,114. The volume traded consists of 197 shares of MTCC, 58 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 Rf2,541,037 and the market capitalization stood high at Rf992,401,000 as at the end of the month.

Market Statistics (14th April 2002 – 30th September 2004)

Company	Last traded Price (Rf)	Highest Traded price (Rf)	Lowest Traded price (Rf)	Closing quotes (as at 30/09/04)	
				Buy (Rf)	Sell (Rf)
MTCC	230	600	150	230	269
BML	1200	1200	585	950	1200
STO	700	800	400	700	750

Trading Statistics



The Securities Trading Floor Listing Rules (proposed)

The STF Listing Rules deal with admission of securities to the official list, quotation of securities and disclosure following listing. Listing rules create obligations which are additional and complementary to statute.

Enforcement of the listing rules would benefit both the investor and the company. From the investor's point of view, proper and timely disclosure would help the investor to have a clear picture about the company which would assist to make informed investment decisions.

The main highlight of the proposed Listing Rules is appended below.

Listing of debt and equity

-An application for a listing of equity will be considered if the issued and paid up capital of the company is more than Mrf.5,000,000 and the shareholders funds are the same or greater than its equity.

-An application for listing of debt will be considered depending on the risk attached to the security. A security which is guaranteed or secured may be considered for the grant of a listing.

Methods of Listing

- Offer for subscription: an offer to the public by a company of its own securities.
- Offer for sale: an offer to the public by one or more of the existing shareholders.
- Introduction: where a security issued by a company is granted a listing without the requirement of a public offering of its securities.

Issue of prospectus

Companies seeking a listing are required to issue prospectuses, depending on the method of floatation. The prospectus issued as such should adhere to the prospectus requirements of the Companies Act 10 /96.

Circulation of annual report and annual accounts

Listed companies are required to prepare the Annual Report and Annual Accounts and make it available to the CMDS and to any shareholder upon request within 6 months from the close of the financial year. The audited accounts should be prepared and presented in accordance with International Accounting Standards. Where the company is a parent company, the financial statements should include a Profit and Loss Statement and a Balance Sheet both for the company and for the group. Yearly audited accounts should be made available to the shareholders and presented to the CMDS within the stipulated time.

Disclosure of Material information

Listing rules impose an obligation on the company to promptly disclose all information which may have an impact on the price at which its securities are traded. This is important to maintain a fair and orderly market in which all investors would have equal access to information at the same time.

Response to unusual trading activity

Listed companies are responsible for inquiries into unusual market behavior concerning its shares and to clarify as soon as it is aware, through news releases, any rumors that may abnormally be influencing securities prices.

Trading by connected persons

Connected persons should not trade on the basis of material information that is unknown to the public.

Enforcement

The listing rules also impose sanctions on companies for violating the rules. The sanctions may take the form of public reprimand, fines, suspensions and even delisting.

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"Promote savings
by gifting shares"

Stock Market Monthly Report

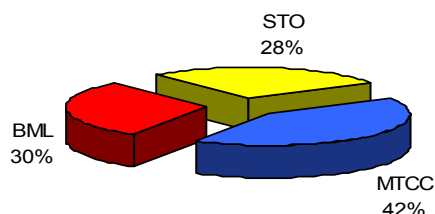
October 2004

October 2004 performance

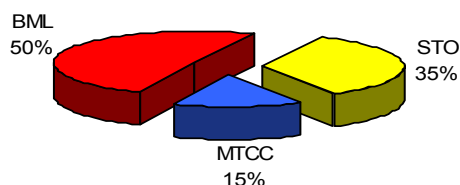
The stock market in October recorded a total trading volume of 147 shares for a market value of Rf98,315. The volume traded consists of 62 shares of MTCC, 44 shares of BML and 41 share of STO. During the period under review, STO shares got the most attention from the investors and were traded at a record price of Rf850. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf2,639,352 and the market capitalization stood high at Rf1,168,937,500 as at the end of the month.

Monthly Statistics – October 2004

Percentage of shares traded

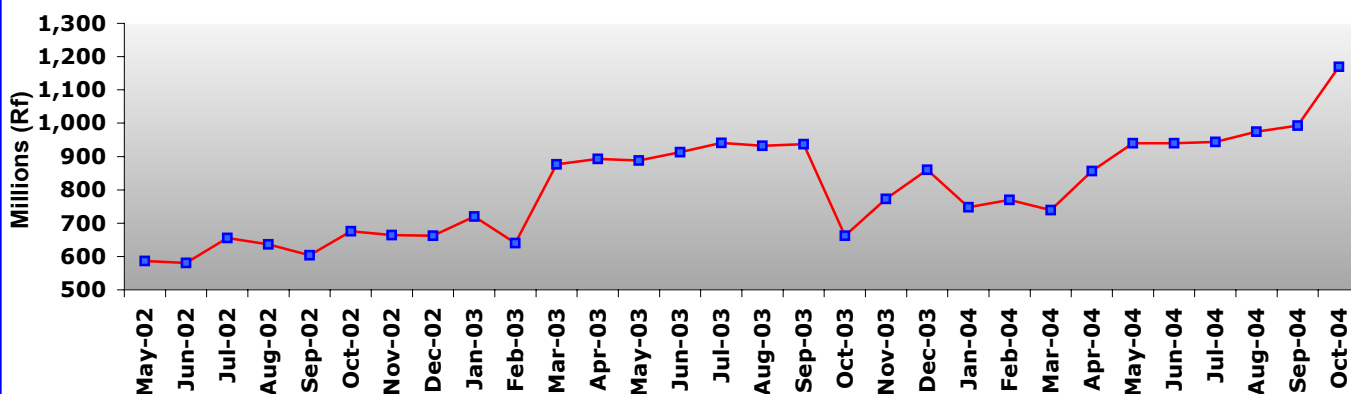


Percentage of turnover



Market Statistics (May 2002 – October 2004)

Market Capitalisation



Maldives Stock Exchange Index (MASIX)

The Maldives Stock Exchange Index (MASIX) was published on 28th October 2004. Like other stock market indexes MASIX will capture the overall movement in prices and the changing expectations of the Maldives Stock Market. More details on MASIX are published on www.maldivesstockexchange.com.mv.

READ THE PROSPECTUS - BECOME AN INFORMED INVESTOR

A company undertakes an initial public offering (IPO) when it is offering the public the opportunity to buy its shares for the first time. A prospectus is the offer document used for this purpose.

In Maldives, a company making an IPO must first prepare a prospectus which needs to be in line with the Prospectus Regulations under the Companies Law 10 / 96. Upon approval from the Registrar of Companies the prospectus can be issued to the public.

The information contained in the prospectus can help investors decide about the viability of the company. Appended below are the main sections and the key information that should be included in a prospectus.

Cover page

This is where you find the key information about the issue such as the type of shares, how many and at what price they are being sold and also the name of the seller.

Information Summary

This includes a summary of the company's business activities, promoters, substantial shareholders and information about key management; a summary of its financial information; the risk factors which affects or may affect the business and financial performance of the company; a summary of share capital, the amount of funds to be raised from the public and the use of proceeds from the issue.

Business information

This section gives you the background and prospectus of the industry / sector(s); types of products and services being sold; customers and suppliers; and other commercial aspects.

Financial Information

The historical financial information usually comprises a summary of the profit and loss account and the balance sheet of the company for the past financial years. It also includes explanatory notes and analysis of the past financial performance. Investors should take note of the turnover and after- tax profit figures as they show how well the company had performed.

Use of proceeds

This section should explain how your investment capital will be used. Don't invest unless an explanation on how the investment proceeds will be utilized is given.

Risk factors

The IPO Company would be exposed to risk factors in its business environment. General risks include the rise and fall of the stock prices, currency and interest rate fluctuations and other systemic risks.

Specific risks include dependency on key personnel, customers and suppliers; price changes of raw materials and competitors in the industry.

It would also be useful to analyze how the director's of the company propose to deal with the risk factors, as this would indicate the company's ability to achieve its objectives.

Information about Shareholders, Directors and Management.

Information on promoters and substantial shareholders; directors; and information about management can be found in this section. It includes details of qualification of Directors and executive officers, their age, positions, experience and areas of responsibility.

Analyze the information given in the IPO prospectus before you decide to invest and make an informed investment decision.
For more information on Prospectuses call the issuing companies direct or talk to an industry expert.

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"STF Celebrating
3 Million Rufiyaa
Trading Value"

Stock Market Monthly Report

November 2004.

Market Review

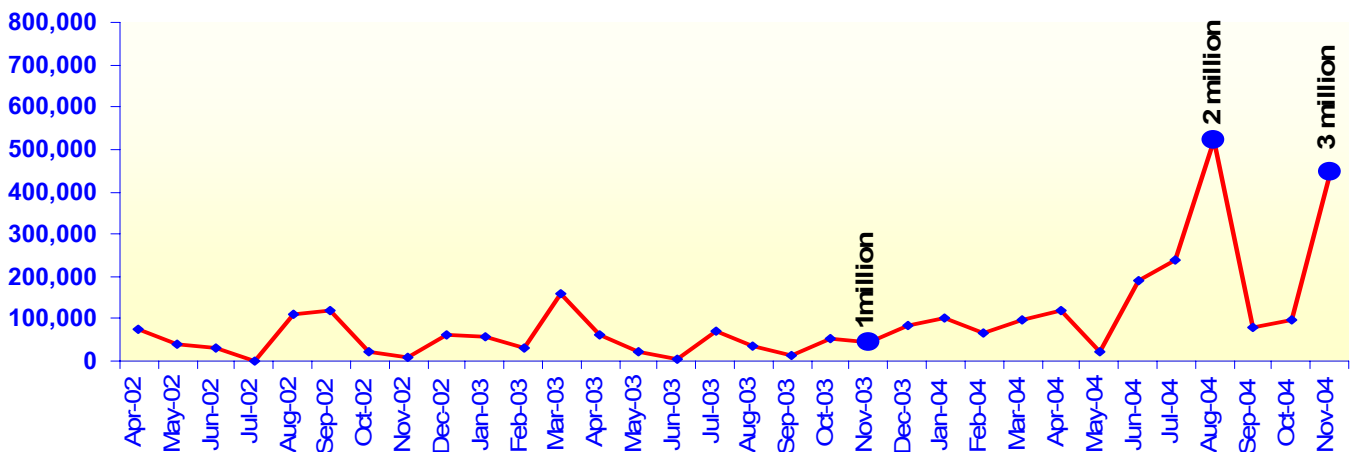
The stock market index, MASIX closed at the end of the month at 249.38 points appreciating by 15.9 percent compared to the index closing value (215.26 points) at the end of the previous month. Moreover, the month of November 2004 recorded a turnover Rf446,846 which showed an increase of around 355 percent compared to the trading value of October 2004. During the month, the 3 million rufiyaa mark was also achieved following a trade which comprised of 200 shares of STO executed at a rate of Rf1000.

A total of 21 trades were concluded during the month with an average daily turnover of Rf24,825. This compares favorably with the average daily turnover of Rf4,682 reported during the previous month.

STO investors dominated the market by contributing Rf253,250 (56 percent) while BML and MTCC transactions contributed Rf176,700 (40 percent) and 16,896 (4 percent) respectively. The market capitalization of the three companies also increased in tandem with the increased trading activity at exceptionally high prices. The market capitalization stood high at Rf1,354,232,000 as at the end of November 2004.

Trading Statistics

The monthly trading turnover (April 2002 - November 2004)



Company News

MTCC held its Annual General Meeting on 29th November 2004 at Nasandhura Palace Hotel. MTCC profit for the year 2003 (Rf39,067,067) showed an increase of around 49 percent against the profit of the year 2002 (Rf26,226,597). The dividends declared for the preceding year also showed an increase of 8 percent from Rf25 per share declared in 2002 compared to Rf27 per share for 2003.

The share registration books of MTCC have been closed for the company's AGM from 19th November 2004 to 9th December 2004. There will be discontinuation of trading of MTCC shares during this period. The normal share trading of the MTCC through the STF will resume on 12th December 2004.

Maldives Stock Exchange Index (MASIX)

The Maldives Stock Exchange Index (MASIX) was published on 28th October 2004. MASIX is a weighted average index which captures the overall movement in prices of the Maldives Stock Market. Indexes like MASIX are widely used as information sources as it reflect market performance.

Computation of MASIX

The three stocks currently included in the index consist of shares issued by the three listed companies, MTCC, BML and STO. The stocks are weighted proportionate to its market capitalization.

The prices for calculation of the index are taken from the trading system of the Stock Exchange and the calculation of the index is updated after each trade. The base value of the index is considered as the market value of the three companies on 5 May 2002, which is the first time the three stocks traded after the start of the Securities Trading Floor. The base value will be recalculated in situations such as new listings, rights issues, bonus issues, delisting and mergers. The reason to recalculate the base value is to ensure that only a price movement has a direct effect on the index value.

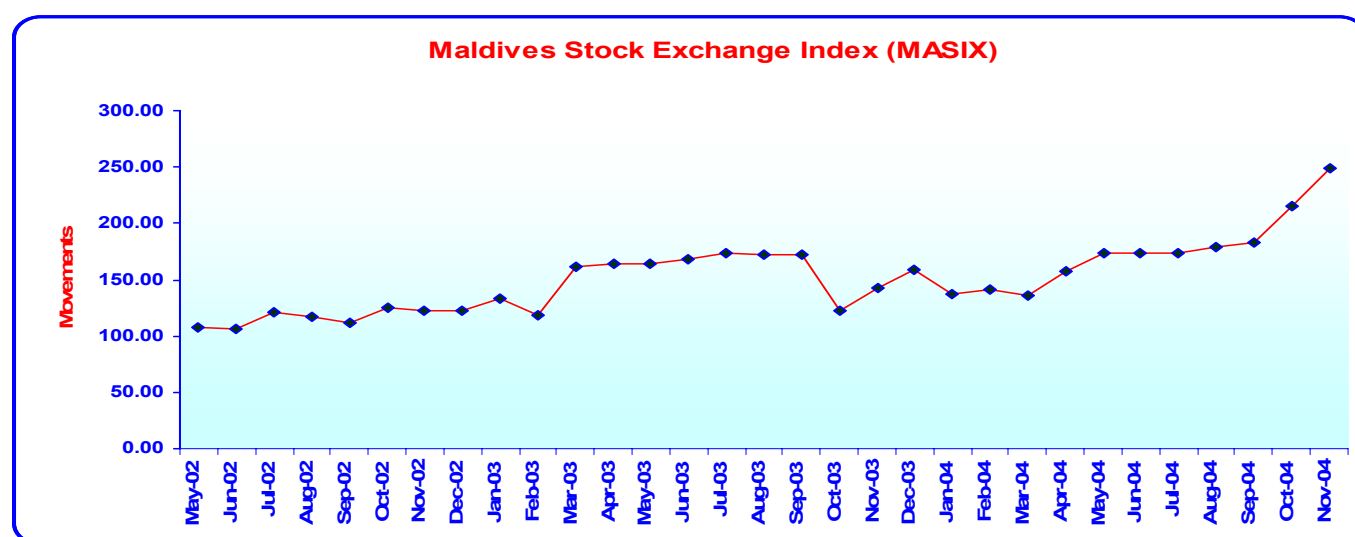
$$\text{Index formula} = \frac{\text{Current market price X current number of listed shares}}{\text{Base market price X base number of listed shares}} \times 100$$

Base
Value

Current
Value

What do the ups and downs of an index mean?

Index movements reflect the changing expectations of the stock market. When the index goes up, it signals market expectations that the performance of the companies in future will be better than previously expected. When prospects of dividends in future become pessimistic the index drops. The ideal index gives instant-to-instant readings about how the stock market perceives the future of the country's corporate sector.



The use of MASIX will increase as the Maldivian capital market develops. In future, MASIX will come to the fore due to its direct applications in finance and economic research.

To get more information on MASIX, you may contact the Maldives Stock Exchange, Tel no: 336620 or visit www.maldivesstockexchange.com.mv

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"STF wishes a
safe and
prosperous new
year 2005"

Stock Market Monthly Report

December 2004.

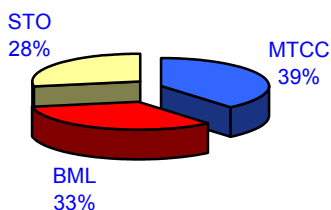
Market Review (December 2004)

The stock market index, MASIX closed the month at value 245.83 depreciating by 1.4 percent in comparison to the preceding month's closing index value of 249.38. Meanwhile, the total trading turnover for the month was registered as Rf72,350 which showed a decrease of 84 percent against the previous month's turnover. The trading turnover for the month was reached by transacting 35 shares of MTCC, 30 shares of BML and 25 shares of STO. During the reviewed period, STO shares were the most popular stock among the investors as it continued to trade at record prices.

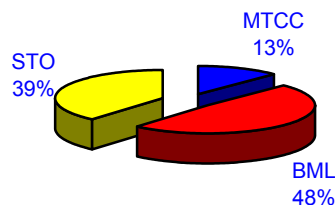
A sum of 12 trades were concluded during the month with an average daily turnover of Rf3,445. This compares unfavorable with the average daily turnover of Rf24,825 reported during the previous month. The trading activities during the last week of this month came to a halt as a result of the tsunami disaster. However, the STF continued to receive buy and sell orders.

Monthly Statistics – December 2004

Shares Traded (%)

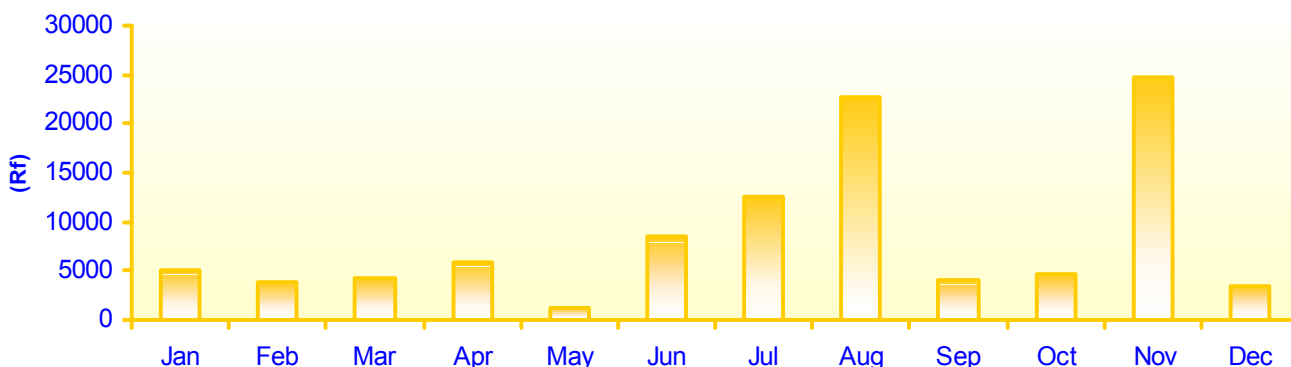


Trading Turnover (%)



Yearly Statistics - 2004

Average Daily Trading Turnover

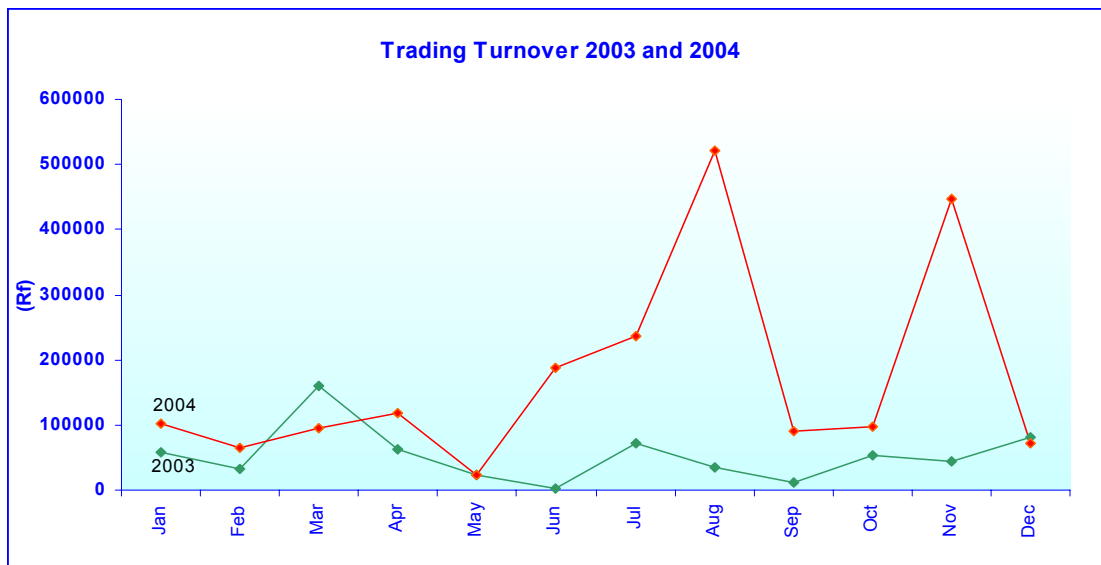


Annual Review 2004

The financial year 2004 was an exceptionally good year with increased number of investments in the capital market compared to previous years. During the year 2004, the Maldives Monetary Authority had taken several measures to improve the overall efficiency of the stock market operations. The most significant steps taken as such include the setting up of the Maldives Securities Depository (MSD) on 14 April 2004, to enhance and streamline the trading procedure and to introduce a scripless trading system. The Listing Rules implemented in late 2004 to deal with the admission of securities to the official list of the stock exchange, quotation of securities and disclosure is also a step in the right direction towards organizing the market. As a result of these measures, the investor sentiments were seen to be positive and the investor base continued to grow at an exceptional rate throughout the year.

The STF statistics showed that a sum of 252 trades were concluded during the year by reflecting an increase of 22 percent compared to the aggregate trades of the past 2 years. The total trades executed comprised of 150

trades of MTCC, 55 trades of STO and 47 trades of BML.



The volume of share trades had shown a rise of 110 percent against the shares traded in 2003. A total of 3,321 shares were traded through the STF which comprised of 1132 shares of MTCC,

747 shares of BML and 1,442 shares of STO. The MTCC stocks was seen to be the most popular stock among the investors as 60 percent of the trades in 2004 dealt with buying and selling of MTCC stocks.

In terms of trading turnover, a massive boost of over 2 million rufiyaa was recorded in 2004 as the share prices of the three companies rose persistently throughout the year. Trading of STO shares contributed to 51 percent of the trading turnover while BML and MTCC contributed 36 percent and 13 percent respectively. The average daily trading turnover of Rf8,361 demonstrated an exceptional increase of 223 percent against the preceding year's figure of Rf2,585. Moreover, the month of November 2004 recorded the highest average daily turnover of Rf24,825 during the reviewed period.

With the increased trading activity the market capitalization as at end of 2004 also peaked from Rf860,366,000 as at 31st December 2003 to Rf1,334,931,000 at the end of 2004. A breakdown of the market capitalization demonstrated 84 percent contribution from STO, while BML and MTCC contributed 11 percent and 5 percent respectively.

As we write about the stock market success of the year 2004, we express our heartfelt sympathy to our brothers and sisters affected by the tsunami disaster. We pray that Almighty Allah gives us the courage to deal with the damages caused by the tsunami. We also pray to Almighty Allah to give courage to our brothers and sisters who are affected by the tsunami from the other countries.

As the country recovers from the tsunami disaster, we hope that more companies would offer their securities for public investments in the New Year 2005.