

# Foster's acquires further 29% of fgpl

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Market sensitive information is the kind of information that has the potential of influencing prices in the market. It is confidential and price sensitive information. (Duarte, 2008). Information involving sales is usually market sensitive given the fact that Foster's agreed to purchase Fijian Holdings Limited (FHL) after consideration. The FHL's share price was steadily fluctuating between \$ 2. 16 to \$2. 90. It is also noted that Fijian business conditions are challenging.

We can say that there was no effect of the share price because the purchase did not use earnings per share, which they considered immaterial. Earning per share usually signals to the market the viability of a potential company for acquisitions purposes. Forster's Group is instead using strategic intent through increasing their level of ownership of Fijian Holdings. We can see that FHL is the one that wanted to be acquired by Forster's Group as it had been contacting the Forster's management for a potential sale of their shareholding some time in the past, as an initiative for economic growth.

We can see that Forster's was not really waiting for information signaling from the market regarding FHL but was purchasing for the sole purpose of greater strategic alignment and the convenience of having supplied the Fijian community with great products and offering them employment. We will also point out that the Fijian share price went up after it had sold its 29% stake to Forster's group thus a strong indication that Forster's group did not use Fiji's share price to acquire it but that FHL's share price went steadily up only after it had been purchased by Forster's group.

Besides, it is worthy to note that FHL had not control over movement in its share price as this is purely a market demand and supply function, (Fijian <https://assignbuster.com/fosters-acquires-further-29-of-fgpl/>

Holdings Annual Report, 2009). This then leads us to conclude that this information was market sensitive given that a company purchase was involved and that there was an effect in the share price only after FHL had sold its 29% stake to Forster's. REFERENCES Duarte, J. (2008). Market Timing of Dummies. New York: John Wiley & Sons Fijian Holdings Annual Report 2009