



TOYOTA TSUSHO (SOUTH SEA) LIMITED

## Financial Statements



# Toyota Tsusho (South Sea) Limited

## Annual report - 31 March 2011

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<b>Directors</b>	Shigeru Ito (Chairman) Teresa Julia Apted Abdul Hafiz Koji Ueda John Benedict Thomas
<b>Secretary</b>	Joseph Mow
<b>Principal registered office in Fiji</b>	Ratu Mara Road, Nabua Suva, Fiji Ph: 338 4888
<b>Auditor</b>	PricewaterhouseCoopers Chartered Accountants Suva, Fiji
<b>Notice of annual general meeting</b>	The 91st annual general meeting of the shareholders of Toyota Tsusho (South Sea) Limited <b>Will be held at</b> The Regional Training Centre, Asco Motors, Ratu Mara Road, Nabua <b>Time</b> 11.30 am <b>Date</b> 26 July 2011

## **COMPANY PROFILE**

Burns Philp & Co Ltd commenced operations in the Pacific in 1890 and in the ensuing years developed businesses in shipping, trading, merchandise and automotive. In the early days, Burns Philp played a major role in assisting with the development of the Pacific Islands.

During recent years, the business base was restructured to meet the changing circumstances and in 1990 a long-term decision was made to focus on the automotive business. As part of this decision, Burns Philip entered into an equal share joint venture with Toyota Tsusho Corporation in June 1993. On 1st November 1998, Toyota Tsusho Corporation bought Burns Philp's share in the joint venture.

The company markets Toyota, Yamaha, Massey Ferguson, Bridgestone, other world proven products and also operates the Avis franchise. Toyota Tsusho (South Sea) Limited, trading as Asco Motors, operates through branches, which are strategically located throughout Fiji, Tonga, Samoa and American Samoa. In each area that Asco Motors operates, they are the market leaders in many of the market segments.

## Chairman's report

### Business Review

Trading conditions for all the countries in the Toyota Tsusho (South Sea) Group were again challenging in the 2010/11 financial year, with a slightly improved result over the 2009/10 period. Consolidated revenues increased by 3.1% to FJD107,701,354 and resulted in a slight increase in Net Profit After Tax of 1.5% to FJD1,771,444.

Fiji, the major market, experienced some revenue growth particularly in the later part of the financial year. Net Profit after Tax for the year, however, declined by 4.5% from the previous year due mainly to the write off of Avis credit card debtors accumulated over the years and discovered following the merger and restructure of the Avis business.

Trading conditions in Samoa were also sluggish leading up to the government general elections in April 2011. Although revenue was maintained, Net Profit after Tax for Samoa declined 11% to FJD834,582.

The operation in American Samoa had a very difficult year with a dramatically reduced market as the funds from the Tsunami re-building efforts were no longer available. The subsidiary made a negative contribution of Net Loss after Tax of FJD54,760.

Similarly, the Tongan operations managed to maintain the same level of revenue as the previous year. Net Profit after Tax increased to FJD87,911 after a significant discount in Head Office management fees.

### Dividend

The Directors have declared an interim dividend of 3.0 cents per share at the end of the year. The dividend was mainly funded out of a distribution from Samoa of FJD376,000 from retained earnings.

### Staff

Staff numbers on a consolidated basis decreased by four persons to 385 at year's end.

On behalf of the Board of Directors of the company, I thank all our employees for their continued efforts towards the results achieved during the year.

### Corporate Social Responsibility

The company actively pursued various CSR projects in all the countries in the group throughout the year. However, due to profit constraints, no major donation was made during the financial year.

### Outlook

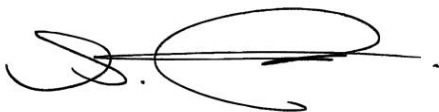
In the major market of Fiji, there are signs of improvement in the vehicle market as the country recovers from the global financial crisis.

The outlook for Samoa is positive as the government stabilizes after the general election in April 2011.

The outlook for Tonga is one of stability and should see some improvement with increased tourism and visitor arrivals.

On the other hand, there is little sign of improvement in American Samoa due to difficult economic conditions in the country.

Overall, we expect trading conditions to improve as the island economies recover.



Shigeru Ito

Chairman

9 June 2011

## Corporate governance

Toyota Tsusho (South Sea) Limited (TTSS) is committed to strengthening its corporate governance standards and ensuring that the company acts in a manner which is consistent with its vision and mission. TTSS has put in place measures to achieve these goals.

Principle	TTSS Comments
Establish clear responsibilities for Board oversight	<p>TTSS's Articles of Association set out the powers and duties of directors in terms of managing the company effectively and efficiently.</p> <p>Each year, the Board reviews the Company's strategies, the nature and scope of activities to be undertaken, and performance targets. The board monitors management's performance relative to these objectives and targets.</p>
Constitute an effective board	<p>TTSS's Articles of Association specifies the number of directors may not be less than three (3) and not more than seven (7). The Board currently comprises 5 directors, including one independent director.</p> <p>TTSS's Board comprises qualified individuals with a wide range of experience and knowledge in the commercial sector.</p>
Appointment of Chief Executive Officer	Appointment of the Chief Executive Officer is a function of the Board and directors are expected to exercise due diligence in making this appointment.
Board and Company Secretary	The Company Secretary is the administrative link between the Board and Management and is responsible for ensuring compliance issues are adhered to. The Company Secretary co-ordinates the effective and timely distribution of the board meeting agenda and papers and ensures proper and detailed minutes are recorded.
Timely and balanced disclosure	TTSS complies with its disclosure obligations under the SPSE Listing Rules and the Companies Act and provides its shareholders with information through regular market announcements.
Promote ethical and responsible decision-making	TTSS has a Code of Ethics in place, to guide the Directors, CEO and employees in making ethical and responsible decisions. Directors and employees are encouraged to uphold high ethical standards, honesty, fairness and equity in all aspects of their employment and association with the company.
Register of interests	TTSS Directors are required to declare any conflicts of interest. All board members declare their interests at the board meetings and such interests are recorded in the Board minutes.
Respect the rights of shareholders	An Annual General Meeting is held every year in accordance with TTSS's Articles of Association and shareholders are encouraged to participate. The Annual Report is published each year and circulated to the shareholders prior to the Annual General Meeting.
Accountability and Audit	TTSS is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Company has a Business Review team which performs the functions of internal audit.
Recognize and manage risk	TTSS takes steps to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage these risks.

## Directors' report

The Directors present their report for the year ended 31 March 2011, together with the financial statements of the parent entity and its subsidiaries for the year ended 31 March 2011.

### Directors

The following persons were Directors of Toyota Tsusho (South Sea) Limited during the whole of the financial year and up to the date of this report:

Shigeru Ito (Chairman)  
Teresa Julia Apted  
Koji Ueda  
John Benedict Thomas

Abdul Hafiz was appointed a Director on 23 September 2010 and continues in office at the date of this report.

Mitsuyoshi Okutsu was a Director from the beginning of the year until his resignation on 22 March 2011.

George Joseph Cremona was a Director from the beginning of the year until his resignation on 30 September 2010.

Ian Thomas McLean was a Director from the beginning of the year until his resignation on 23 September 2010.

### Reserves

The Directors recommend that no amounts be transferred to reserves in respect of the year ended 31 March 2011.

### Principal activities

The principal activities of the companies in the group are automotive importation and distribution.

### Dividends

The Directors declared a final dividend of \$420,966 (2010: \$1,122,576) during the year.

### Results

The consolidated net profit of the group for the year after income tax expense was \$1,771,444 (2010: \$1,730,849).

The extent to which each company in the group contributed to the net consolidated profit covered by this report was:

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Toyota Tsusho (South Sea) Limited	<b>903</b>	242
Subsidiaries (Note 31)	<b>868</b>	1,488
	<b><u>1,771</u></b>	<u>1,730</u>

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group covered by this report.

In the opinion of the Directors, there will be a reduction in the number of vehicles available for sale in 2011/12 due to the situation in the Toyota factories as a result of the recent Tsunami. This may lead to a challenge in the 2011/12 financial year. At this time, we do not have sufficient information to quantify the effect on either sales or profits.

### Bad and doubtful debts

Prior to the completion of the Holding Company's and its subsidiary companies' financial statements, the Directors took reasonable steps to ascertain what action has been taken in relation to writing off bad debts and the making of provision for doubtful debts.

All known bad debts have been written off and adequate provision has been made for doubtful debts.

As at the date of the report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the provision for doubtful debts in the group, inadequate to any substantial event.

**Current assets**

Prior to the completion of the financial statements of the Holding Company and subsidiary companies, the Directors took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company and its subsidiaries. Where necessary, these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values, attributed to current assets in the group financial statements misleading or misstated.

**Matters subsequent to balance date**

As at the date of this report:

- (i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which companies in the group could become liable.

**Basis of accounting**

As at the date of this report the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in the report or the group financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company or its subsidiaries misleading or inappropriate.


**Unusual transactions**

Apart from the matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the group or of any companies in the group during the financial year were not substantially affected by any item, transaction or event of an abnormal character likely, in the opinion of the Directors, to affect substantially the results of the operations or disclosures noted therein of any company in the group in the current financial year.

**Directors' benefit**

Since the end of the financial year, no benefits (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the group financial statements or their fixed salary as a full time employee of the company) have accrued to any Directors by reason of a contract made by the company, or a related corporation with that Director or with any firm of which he/she is a member or a company in which he/she has a substantial financial interest.

Signed at Suva the 9th day of June 2011 in accordance with a resolution of the Directors.



Shigeru Ito  
Chairman



Abdul Hafiz  
Director

**Toyota Tsusho (South Sea) Limited**  
**Statements of Comprehensive Income**  
for the year ended 31 March 2011

	Notes	<b>Consolidated</b>		<b>Parent</b>	
		<b>2011</b>	2010	<b>2011</b>	2010
		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Revenue	6	<b>107,701</b>	104,196	<b>67,800</b>	62,410
Other income	6	<b>2,129</b>	2,355	<b>1,433</b>	1,956
<b>Total revenue</b>		<b>109,830</b>	106,551	<b>69,233</b>	64,366
Cost of sales		<b>(87,710)</b>	(84,364)	<b>(54,465)</b>	(50,127)
Selling and distribution expenses		<b>(1,038)</b>	(1,079)	<b>(770)</b>	(843)
Administrative and other expenses		<b>(18,764)</b>	(18,416)	<b>(12,567)</b>	(11,576)
<b>Operating profit</b>		<b>2,318</b>	2,692	<b>1,431</b>	1,820
Finance costs		<b>(8)</b>	(42)	-	(37)
<b>Profit before income tax</b>		<b>2,310</b>	2,650	<b>1,431</b>	1,783
Income tax expense	9	<b>(539)</b>	(920)	<b>(152)</b>	(205)
<b>Profit for the year</b>		<b>1,771</b>	1,730	<b>1,279</b>	1,578
<b>Other comprehensive income:</b>					
Currency translation differences	30	<b>(348)</b>	1,981	-	-
<b>Total comprehensive income attributable to members of Toyota Tsusho (South Sea) Limited</b>		<b>1,423</b>	3,711	<b>1,279</b>	1,578
Basic and diluted earnings per share	29	<b>0.13</b>	0.12		

*The above statements of comprehensive income should be read in conjunction with the accompanying notes.*

**Toyota Tsusho (South Sea) Limited**  
**Balance Sheets**  
as at 31 March 2011

	Notes	Consolidated		Parent	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	10	8,078	7,086	5,081	3,000
Receivables	11	6,840	9,805	3,673	5,483
Inventories	12	21,033	21,205	12,080	12,204
Other current assets	13	2,428	2,137	2,428	2,102
<i>Total current assets</i>		<u>38,379</u>	<u>40,233</u>	<u>23,262</u>	<u>22,789</u>
<b>Non-current assets</b>					
Receivables	14	221	363	219	360
Other financial assets	15	-	-	1,084	1,084
Property, plant and equipment	16	14,439	15,869	11,257	13,171
Deferred tax assets	24	1,540	1,376	1,085	803
Other non-current assets	17	5,256	5,529	5,164	5,483
<i>Total non-current assets</i>		<u>21,456</u>	<u>23,137</u>	<u>18,809</u>	<u>20,901</u>
<b>Total assets</b>		<u>59,835</u>	<u>63,370</u>	<u>42,071</u>	<u>43,690</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	18	9,086	10,497	5,324	5,177
Bank overdraft	10,20	10	345	-	345
Tax liabilities		685	1,266	694	665
Provisions	19	642	409	598	343
Other current liabilities	21	5,136	5,233	4,997	5,083
<i>Total current liabilities</i>		<u>15,559</u>	<u>17,750</u>	<u>11,613</u>	<u>11,613</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	24	268	20	-	-
Payables		-	287	-	-
Other non-current liabilities	22	9,906	12,232	9,553	12,049
<i>Total non-current liabilities</i>		<u>10,174</u>	<u>12,539</u>	<u>9,553</u>	<u>12,049</u>
<b>Total liabilities</b>		<u>25,733</u>	<u>30,289</u>	<u>21,166</u>	<u>23,662</u>
<b>Net assets</b>		<u>34,102</u>	<u>33,081</u>	<u>20,905</u>	<u>20,028</u>
<b>EQUITY</b>					
Contributed equity	27	14,032	14,032	14,032	14,032
Reserves	30(a)	1,666	2,014	451	451
Retained earnings	30(b)	18,404	17,035	6,422	5,545
<i>Total parent entity interest</i>		<u>34,102</u>	<u>33,081</u>	<u>20,905</u>	<u>20,028</u>
<b>Total equity</b>		<u>34,102</u>	<u>33,081</u>	<u>20,905</u>	<u>20,028</u>

The above balance sheets should be read in conjunction with the accompanying notes.

**Toyota Tsusho (South Sea) Limited**  
**Statements of Cash Flows**  
for the year ended 31 March 2011

	Notes	Consolidated		Parent	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>					
Cash receipts in the course of the business		112,616	103,051	70,366	62,642
Cash payments in the course of the business		(106,246)	(92,439)	(65,489)	(51,815)
Cash generated from operations	23	<u>6,370</u>	<u>10,612</u>	<u>4,877</u>	<u>10,827</u>
Income tax paid		(1,036)	(974)	(404)	(501)
Interest paid		(8)	(42)	-	(37)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>5,326</u>	<u>9,596</u>	<u>4,473</u>	<u>10,289</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		90	1,164	2	267
Payments for property, plant and equipment		(4,538)	(7,393)	(2,934)	(5,996)
Dividends received		-	-	376	1,049
Interest received		271	295	71	50
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(4,177)</u>	<u>(5,934)</u>	<u>(2,485)</u>	<u>(4,630)</u>
<b>Cash flows from financing activities</b>					
Dividends paid		(140)	(1,123)	(140)	(1,123)
(Loans to)/repayments related companies		318	179	578	(1,685)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>178</u>	<u>(944)</u>	<u>438</u>	<u>(2,808)</u>
<b>Net increase/ (decrease) in cash held</b>		<u>1,327</u>	<u>2,718</u>	<u>2,426</u>	<u>2,851</u>
Cash at the beginning of the financial period		6,741	4,023	2,655	(196)
<b>Cash and cash equivalents at end of year</b>	10	<u>8,068</u>	<u>6,741</u>	<u>5,081</u>	<u>2,655</u>

*The above statements of cash flows should be read in conjunction with the accompanying notes.*

**Toyota Tsusho (South Sea) Limited**  
**Statements of Changes in Equity**  
**for the year ended 31 March 2011**

	Notes	Consolidated		Parent	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Total equity at the beginning of the financial year</b>		<b>33,081</b>	30,493	<b>20,028</b>	19,573
<b>Comprehensive Income</b>					
Profit for the year		1,771	1,730	1,279	1,578
<i>Other Comprehensive Income</i>					
Currency translation differences	30(a)	<b>(348)</b>	1,981	-	-
<b>Total comprehensive income</b>		<b>1,423</b>	3,711	<b>1,279</b>	1,578
Transfer of unclaimed dividends to retained earnings		19	-	19	-
Dividends provided for or paid	28	<b>(421)</b>	(1,123)	<b>(421)</b>	(1,123)
<b>Total transactions with owners</b>		<b>1,021</b>	2,588	<b>877</b>	455
<b>Total equity at the end of the financial year</b>		<b>34,102</b>	33,081	<b>20,905</b>	20,028

*The above statements of changes in equity should be read in conjunction with the accompanying notes.*

## 1 General Information

Toyota Tsusho (South Sea) Limited (“the company”/ “parent entity”) and its subsidiaries (together “the group”/ “consolidated entity”) deal in the retailing and aftermarket operations of Toyota, Yamaha, Massey Ferguson, Bridgestone and Kobe franchises.

The company is a limited liability company incorporated and domiciled in Fiji. The address of the registered office is Lot 1, Ratu Mara Road, Nabua, Suva, Fiji.

The company has its primary listing on the South Pacific Stock Exchange.

These group consolidated financial statements were authorised for issue by the Board of Directors on 9 June, 2011.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Fiji Companies Act, 1983.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and management’s judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2011 or later periods, but the group has not early adopted them. Adoption of these standards and interpretations will not have any significant impact on the group’s financial statements.

- IAS 24 Amendment      Related party disclosures (effective 1 January 2011)
- IFRS 9 Amendment      Financial instruments: Classification and measurement (effective 1 January 2013)
- IFRIC 14 Amendment    Prepayments of a minimum funding requirement (effective 1 January 2011)
- IAS 1 Amendment        Presentation of financial statements (effective 1 January 2011)
- IFRS 1 Amendment        First time adoption of international financial reporting standards (effective 1 January 2011)
- IFRS 7 Amendment        Financial instruments – Disclosures (effective 1 January 2011)
- IAS 34 Amendment        Interim financial reporting (effective 1 January 2011)
- IFRIC 13 Amendment     Customer loyalty programs (effective 1 January 2011)
- IAS 12 Amendment        Income taxes on deferred tax (effective 1 January 2012)

## 2 Summary of significant accounting policies (continued)

### (b) Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the company as at 31 March 2011 and the results of all subsidiaries for the year then ended.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost in the financial statements of Toyota Tsusho (South Sea) Limited.

### (c) Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Costs are allocated according to the applicable revenue line in which they are incurred.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. Costs are allocated based on the physical locality of the business given within an economy and a specific regulatory jurisdiction.

### (d) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

#### (ii) *Foreign controlled entities*

As the foreign controlled entities are self sustaining, their assets and liabilities are translated into Fijian currency at rates of exchange current at balance date, while their revenues and expenses are translated at the average of rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve on consolidation.

#### (iii) *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## 2 Summary of significant accounting policies (continued)

### (e) Property, plant and equipment

In accordance with IAS 16, the group records all property, plant and equipment at cost, less subsequent depreciation, except for freehold land, which is shown at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance expenditures are charged to the income statement during the financial year in which they are incurred.

Gains or losses on the disposal of property plant and equipment are recognised in the income statement.

Depreciation is provided on plant and equipment and all freehold buildings on a straight line basis so as to write off the cost of assets over their expected economic life.

The rates currently adopted by the group are:

• Buildings	5.00%
• Plant and equipment	15.00% – 33.33%
• Sale and buy-back vehicles	25.00% – 50.00%

### (f) Non-current assets held-for-sale

Non-current assets held for sale are stated at cost on acquisition and classified as such when the Directors approve a 'plan to sell'.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. Gains are recognised at the date of the sale of the non-current asset.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held-for-sale are presented separately from the other assets in the balance sheet. Non-current assets held for sale are re-classified to property, plant and equipment if the Directors rescind the 'plan to sell' and intend to utilise the asset for its economic benefits.

### (g) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rent obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

## 2 Summary of significant accounting policies (continued)

### (h) Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Currently there are no assets held by the company in this category.

#### (ii) *Loans & Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

#### (iii) *Available-for-sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The company does not engage in regular purchase and sale of financial assets.

Financial assets are derecognised when the rights to receive cash flows have expired or transferred and the group no longer holds substantially all risks and rewards of ownership or when it becomes apparent that a significant impairment exists.

Financial assets at fair value through profit or loss are carried at fair value, whilst available for sale financial assets and loans and receivables are carried at cost as they are assumed to approximate their fair values.

The fair value of financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price. The fair value of financial assets that are not traded in active markets is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any evidence of impairment exists, an impairment loss is recognised in the income statement as part of 'other gains/ (losses) - net' in the period in which they arise.

Gains arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement as part of 'other gains/ (losses) - net' in the period in which they arise. Gains arising from changes in fair value of available for sale financial assets are not recognised unless the group has an intention to dispose.

Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets is recognised in the income statement as part of 'other gains/ (losses) - net' when the group's right to receive payment is established.

## 2 Summary of significant accounting policies (continued)

### (i) Receivables

#### *(i) Trade debtors*

All trade debtors are recognised at the amounts receivable as they are due for settlement.

Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

#### *(ii) Term debtors*

A receivable is recognised for this class of debtor when finance is provided to customers for terms up to 4 years on completion of relevant security documentation. The carrying amount of the debt is shown net of unearned interest and provision for doubtful debts.

### (j) Inventories

Inventories on hand and work in progress are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of the landed direct cost, insurance, freight and an allocation of overhead expenditure, the latter being allocated on the basis of labour incurred. Adequate provision is made for slow moving and obsolete inventories.

### (k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are classified separately under current liabilities on the balance sheet.

### (l) Share capital

Ordinary shares are classified as equity and carried in the group's financial statements at par value.

Costs relating to the issue of the parent entity's shares are not accounted for in the parent entity or the group's financial statements as these are settled directly among 'buyers' and 'sellers' and the South Pacific Stock Exchange. The shares of the subsidiaries within the group are not open for sale, but wholly owned by the parent.

### (m) Trade and other creditors

These amounts represent liabilities for goods and services provided to the holding company and the group prior to the end of the financial period and remain unpaid at period end. These amounts are unsecured and are usually paid within 30 days of recognition.

## 2 Summary of significant accounting policies (continued)

### (n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (o) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted, or substantively enacted, at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

### (p) Employee emoluments and benefits

#### (i) *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### (q) Provisions

Provisions for legal claims and service warranties are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognised as interest expense.

## 2 Summary of significant accounting policies (continued)

### (r) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year, but not distributed at year-end.

Dividends are subject to the provisions of the Fiji Income Tax Act and the Income Tax (Dividend) Regulations 2001.

### (s) Revenue recognition

Revenue comprises the fair value of the sale of goods and services. The group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

#### (i) Operating revenue (product sales and services)

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised when goods and services have been delivered to customers pursuant to a valid sales order and the associated risks have passed to the customer.

#### (ii) Sales with buy-back conditions

Certain sale contracts include conditions that require the company to either buy-back the vehicle sold at a specific price or guarantee a future trade-in-value. For such contracts the company does not record the revenues related to these contracts at the time of delivery, but rather defers and recognises this revenue over the life of the contract.

Such sale contracts also require that vehicles be fully serviced and maintained by the company. Revenues related to performance of servicing and maintenance are deferred and recognised after actual servicing and maintenance is carried out by the company.

#### (iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

### (t) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### (u) Assets and liabilities relating to Sales and buy-back conditions

#### (i) Sale and buy-back assets

Cost base of vehicles relative to guaranteed buy-back conditions

Costs relating to buy-back contracts expiring in the next financial year are disclosed as current assets (notes 13 and 26), and the remainder are disclosed as non-current assets (notes 17 and 26).

#### (ii) Sale and buy-back liabilities

##### (a) Guaranteed buy-back amounts

Amounts relating to buy-back contracts expiring in the next financial year are disclosed as current liabilities (notes 21 and 26), and the remainder are disclosed as non-current liabilities (notes 22 and 26).

##### (b) Lease instalments received in advance (deferred revenue on sales with buy-back conditions).

Amounts to be recognized as revenue in the next financial year are disclosed as current liabilities (note 21), and the remainder are disclosed as non-current liabilities (note 22).

##### (c) Service contracts

Certain vehicle sales with buy-back conditions also have a parallel service contract. Under a service contract, the company guarantees to carry out specified levels of servicing for the vehicle, over the contract period at an agreed contract value. This value is held as a non-current liability (note 22), and is recognised in the income statement as each service is performed on the vehicle.

#### (iii) Property, plant and equipment

Cost of vehicles subject to sales with buy-back conditions, net of the cost base relative to the guaranteed buy-back price, are held as property, plant and equipment. Each vehicle is depreciated over the period of the contract.

### 3 Financial risk management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Risk management is carried out by finance executives and management of controlled entities of the group. Management and finance executives identify and evaluate financial risks in close co-operation with the group's operating units. The Board provides direction for overall risk management covering specific areas, such as mitigating foreign exchange, interest rate risk and credit risks, and investment of excess liquidity.

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency (refer note 2 (d)).

The group operates in American Samoa (US dollar), Samoa (Tala), Tonga (Pa'anga) and Fiji (Fijian dollar) and procures assets and supplies from principal suppliers based predominantly in Australia (Australian & US dollar), New Zealand (New Zealand dollar) and Japan (Yen). As a measure, prompt settlement of liabilities (and assets if necessary) is exercised by management to minimise the exposure to foreign exchange losses. As an additional measure, the group negotiates competitive rates with its bankers to minimise losses and maximise gains when receipts and payments become due.

Management has set up a policy requiring group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. However, foreign exchange contracts are not available in respect of certain South Pacific currencies.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	31 March 2011			31 March 2010		
	USD \$'000	AUD \$'000	JPY 000	USD \$'000	AUD \$'000	JPY 000
Trade receivables	-	-	-	-	-	-
Trade payables	1,164	213	29,833	9	959	52,166
Forward exchange contracts						
- buy foreign currency (cash flow hedges)	958	-	-	-	-	6,270

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Fijian dollars except as set out below:

	31 March 2011			31 March 2010		
	USD \$'000	AUD \$'000	JPY 000	USD \$'000	AUD \$'000	JPY 000
Trade receivables	-	-	-	-	-	-
Trade payables	958	185	26,058	8	845	49,579
Forward exchange contracts						
- buy foreign currency (cash flow hedges)	958	-	-	-	-	6,270

##### (ii) Sensitivity analysis

To determine the company's sensitivity to foreign exchange risk, the company calculates an implied volatility in exchange rates by calculating the maximum variation of month end spot rates from the average exchange rate for the year.

### 3 Financial risk management (continued)

#### *Group sensitivity*

(i) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 5% against the US dollar with all other variables held constant, the group's post-tax profits would have been \$110,366 higher/\$110,366 lower (2010: \$824 higher/\$824 lower), mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables, and USD denominated borrowings.

(ii) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 6% against the Australian dollar with all other variables held constant, the group's post-tax profits would have been \$24,431 higher/\$24,431 lower (2010: \$104,447 higher/\$104,447 lower), mainly as a result of foreign exchange gains/losses on translation of AUD denominated trade receivables, and AUD denominated borrowings.

(iii) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 10% against the Japanese yen with all other variables held constant, the group's post-tax profits would have been \$68,894 higher/\$68,894 lower (2010: \$113,631 higher/\$113,631 lower), mainly as a result of foreign exchange gains/losses on translation of JPY denominated trade receivables, and JPY denominated borrowings.

#### *Parent entity sensitivity*

(i) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 5% against the US dollar with all other variables held constant, the group's post-tax profits would have been \$90,834 higher/\$90,834 lower (2010: \$732 higher/\$732 lower), mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables, and USD denominated borrowings.

(ii) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 6% against the Australian dollar with all other variables held constant, the group's post-tax profits would have been \$21,220 higher/\$21,220 lower (2010: \$92,031 higher/\$92,031 lower), mainly as a result of foreign exchange gains/losses on translation of AUD denominated trade receivables, and AUD denominated borrowings.

(iii) At 31 March 2011, had the Fijian dollar strengthened/weakened by the implied volatility of 10% against the Japanese yen with all other variables held constant, the group's post-tax profits would have been \$60,176 higher/\$60,176 lower (2010: \$107,996 higher/\$107,996 lower), mainly as a result of foreign exchange gains/losses on translation of JPY denominated trade receivables, and JPY denominated borrowings.

#### (b) Credit risk

The consolidated entity has no significant concentrations of credit risk. The consolidated entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The consolidated entity has policies that limit the amount of credit exposure to any one customer or group of customers. The table below shows the credit limit and balance of the five major counterparties in the group. The following also applies to the parent entity.

Credit limits were exceeded during the reporting period; however, management does not expect any losses from non-performance by these counterparties.

Counterparty	31 March 2011		31 March 2010	
	Credit Limit	Balance	Credit Limit	Balance
Counterparty A	600,000	156,162	600,000	188,500
Counterparty B	600,000	341,664	600,000	43,151
Counterparty C	500,000	509,300	500,000	95,074
Counterparty D	350,000	47,500	350,000	600,500
Counterparty E	300,000	213,829	200,000	403,780
	<u>2,350,000</u>	<u>1,268,455</u>	<u>2,250,000</u>	<u>1,331,005</u>

### 3 Financial risk management (continued)

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business of the company, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors forecasts of the group's liquidity reserve. The forecasted liquidity reserve per 31 March 2011 is as follows:

	Consolidated		Parent	
	31 March 2011 \$'000	2012 - 2015 \$'000	31 March 2011 \$'000	2012-2015 \$'000
Opening balance for the period	6,741	8,078	2,655	5,081
Operating proceeds	112,616	473,925	70,365	299,497
Operating cash outflows	(107,290)	(450,618)	(65,893)	(276,751)
Investing cash outflows	(4,538)	(15,690)	(2,934)	(12,029)
Proceeds from investing activities	361	1,805	449	2,500
Payments of debts and dividends	188	(8,250)	439	(11,650)
Closing balance for the period	<u>8,078</u>	<u>9,250</u>	<u>5,081</u>	<u>6,648</u>

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

#### Consolidated - at 31 March 2011

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Trade and Other Payables</b>	<u>15,559</u>	<u>6,618</u>	<u>3,556</u>	<u>-</u>

#### Consolidated - at 31 March 2010

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Trade and Other Payables</b>	<u>17,750</u>	<u>5,728</u>	<u>6,811</u>	<u>-</u>

#### Parent - at 31 March 2011

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Trade and Other Payables</b>	<u>11,613</u>	<u>6,248</u>	<u>3,305</u>	<u>-</u>

#### Parent - at 31 March 2010

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Trade and Other Payables</b>	<u>11,613</u>	<u>5,294</u>	<u>6,755</u>	<u>-</u>

#### (d) Cash flow and fair value interest rate risk

As the consolidated entity has no significant interest-bearing assets, the consolidated entity's income and operating cash flows are not materially exposed to changes in market interest rates.

#### (e) Capital risk management

The group's objectives when obtaining and managing capital are to safeguard the group's ability to continue as a going concern and provide shareholders with a consistent level of returns.

The group currently does not engage in borrowings and as such is not exposed to any capital risk.

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

##### (a) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

###### (i) *Income taxes*

The group is subjected to income taxes in numerous jurisdictions. Income tax laws vary in the respective subsidiary jurisdictions. Notably, there is uncertainty as to when a significant change in legislature might eventuate in any of the subsidiary countries. Since judgement is required based on the information available at balance date, differences are expected to arise when the applicable tax authorities issue their assessment of the group's tax affairs. Such differences will impact the income tax expense and deferred tax provisions in the period in which they were made.

Appropriate alignment will be taken up subsequently.

###### (ii) *Provisions, legal, warranty, doubtful debts, obsolescence and employee benefits*

Provisions are measured at the value management best estimates an expenditure to be incurred at, to settle a present obligation at balance date. Market situations are often used to estimate provisions. Changes in market situations will create a difference between provisions with the recorded figures. Whilst the fact remains that uncertain issues such as legal, warranty and bad debts exist, management as a benchmark makes adequate provisions based on past record and the foreseeable future.

The provisions are aligned once the final outcome is known at balance date.

###### (iii) *Depreciation*

On acquiring an asset, management determines the most reasonable length of time it expects the group to maintain that asset with reference to characteristics of similar assets or classes of assets held by the group presently or in the past. Where there is no reference available to assets or classes of assets held at present or in the past, reference is made to industry benchmarks.

Each year, management assesses the carrying value of assets to determine whether they are impaired. Appropriate revisions to the policies are made, if necessary, or any significant impairment losses are accounted for in the financial statements as a corrective measure. Appropriate disclosure would normally follow.

###### (iv) *Revenue recognition on sale and buy back contracts*

Revenue from buy back contracts is recognised over the applicable contractual period. This is in line with the understanding that the period of allocation coincides with the life of the contract and that no variations in terms and conditions that may affect the allocation of revenue will be made thereafter. Adjustments to the allocation period based on variations to the terms and conditions of a sale and buy back contract will have a direct effect on the amount of revenues recognised in one financial year from another.

The bases of the revenues recognised on sale and buy back contracts are corrected in the financial year when it becomes known to management that there have been variations.

##### (b) Critical judgements in applying the entity's accounting policies

In applying its accounting policies, the group is not aware of any significant risk of material adjustment to the carrying amount of assets and liabilities that may change within the next financial year.

## 5 Segment information

### General Information

For the group, the respective management executive committees and the Board act as the 'key decision makers'. Operating segments have been determined based on reports reviewed by the Board.

The Board considers the business from both a geographic and product perspective.

The reportable operating segments derive their revenue primarily from the retail and aftermarket operations of Toyota, Yamaha, Massey Ferguson, Bridgestone and Kobe franchises.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statements of comprehensive income.

### (a) Primary reporting - geographical segments

The geographical segments identified in the primary reporting disclosures are Fiji, Samoa, American Samoa and Tonga. The business segments identified in the secondary reporting disclosures are new vehicle, used vehicle, parts, tyres & batteries, service, panel, fuel, car rental, marine products, sale and buy-back revenue. Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by that segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, net of related segment liabilities consisting primarily of trade and other creditors, employee entitlements and provisions.

Segment assets and liabilities do not include income taxes. Operating profit after tax has been allocated to the geographical segment but not to the business segments.

**5 Segment Information (continued)**

2011	Fiji \$'000	Samoa \$'000	American Samoa \$'000	Tonga \$'000	Inter-Entity Elimination \$'000	Group Total \$'000
Revenue from external customers	68,857	17,280	9,956	13,737	-	109,830
Intersegment revenue	376	-	-	-	(376)	-
Total segment revenue	<u>69,233</u>	<u>17,280</u>	<u>9,956</u>	<u>13,737</u>	<u>(376)</u>	<u>109,830</u>
EBIT	1,411	1,264	9	82	-	2,766
Interest paid	-	(6)	-	(2)	-	(8)
Head office reimbursement	(840)	(286)	(38)	(29)	-	(1,193)
Fixed asset disposal profit	(2)	7	63	-	-	68
Intercompany dividend	376	-	-	-	(376)	-
Dividend tax deducted at source	-	-	-	-	-	-
Net exchange differences	486	99	18	74	-	677
Income tax (expense) / benefit	(152)	(243)	(106)	(38)	-	(539)
Net profit / (loss)	<u>1,279</u>	<u>835</u>	<u>(54)</u>	<u>87</u>	<u>(376)</u>	<u>1,771</u>
Segment assets	<u>42,071</u>	<u>9,238</u>	<u>7,268</u>	<u>2,342</u>	<u>(1,084)</u>	<u>59,835</u>
Total assets	<u>42,071</u>	<u>9,238</u>	<u>7,268</u>	<u>2,342</u>	<u>(1,084)</u>	<u>59,835</u>
Segment liabilities	<u>21,166</u>	<u>1,389</u>	<u>1,988</u>	<u>1,190</u>	<u>-</u>	<u>25,733</u>
Total liabilities	<u>21,166</u>	<u>1,389</u>	<u>1,988</u>	<u>1,190</u>	<u>-</u>	<u>25,733</u>
<b>Other information</b>						
Acquisitions of property, plant and equipment.	2,902	1,067	209	328	-	4,506
Depreciation expenses	4,844	465	530	229	-	6,068
Provision for obsolescence (note 7)	501	240	154	70	-	965
Provision for doubtful debts (note 7)	240	102	110	44	-	496
<b>2010</b>						
	Fiji \$'000	Samoa \$'000	American Samoa \$'000	Tonga \$'000	Inter-Entity Elimination \$'000	Group Total \$'000
Revenue from external customers	63,029	17,389	13,488	12,645	-	106,551
Intersegment revenue	1,337	-	-	-	(1,337)	-
Total segment revenue	<u>64,366</u>	<u>17,389</u>	<u>13,488</u>	<u>12,245</u>	<u>(1,337)</u>	<u>106,551</u>
EBIT	1,021	1,403	1,212	68	-	3,704
Interest paid	(37)	-	(1)	(4)	-	(42)
Head office reimbursement	(682)	(265)	(292)	(122)	-	(1,361)
Fixed asset disposal profit	2	-	-	-	-	2
Intercompany dividend	1,337	-	-	-	(1,337)	-
Dividend tax deducted at source	(288)	-	-	-	-	(288)
Net exchange differences	430	144	(7)	68	-	635
Income tax (expense) / benefit	(205)	(356)	(357)	(2)	-	(920)
Net profit / (loss)	<u>1,578</u>	<u>926</u>	<u>555</u>	<u>8</u>	<u>(1,337)</u>	<u>1,730</u>
Segment assets	<u>43,690</u>	<u>8,814</u>	<u>9,490</u>	<u>2,460</u>	<u>(1,084)</u>	<u>63,370</u>
Total assets	<u>43,690</u>	<u>8,814</u>	<u>9,490</u>	<u>2,460</u>	<u>(1,084)</u>	<u>63,370</u>
Segment liabilities	<u>23,662</u>	<u>1,442</u>	<u>4,037</u>	<u>1,148</u>	<u>-</u>	<u>30,289</u>
Total liabilities	<u>23,662</u>	<u>1,442</u>	<u>4,037</u>	<u>1,148</u>	<u>-</u>	<u>30,289</u>
<b>Other information</b>						
Acquisitions of property, plant and equipment.	5,874	527	713	147	-	7,261
Depreciation expenses	4,456	206	691	235	-	5,588
Provision for obsolescence (note 7)	416	196	16	53	-	681
Provision for doubtful debts (note 7)	56	76	64	46	-	242

## 5 Segment Information (continued)

### (b) Secondary reporting - business segments

Under IFRS 8, if business segments are the secondary format, an entity is required to disclose segment revenue from external customers, total of segment assets and capital expenditure on property, plant and equipment and intangible assets

While the assets and liabilities can be directly attributable to the geographical segment these could not be reasonably allocated to the business segments. The only exception for the group has been revenue from external customers which is disclosed as follows:

#### Consolidated revenue from operations

	2011	2010
	\$'000	\$'000
New vehicles	46,280	44,778
Used vehicles	6,008	6,290
Parts	8,888	9,006
Tyres & batteries	8,220	8,173
Service	4,974	4,908
Panel	1,699	1,774
Fuel	18,930	16,520
Car rentals	4,595	5,011
Marine products	4,138	3,767
Sale and buy-back	3,969	3,969
Other income	2,129	2,355
	<u>109,830</u>	<u>106,551</u>

### (c) Reconciliation of EBIT to profit before income tax

The Executive Committee assesses the performance of the operating segments based on a measure of EBIT (Earnings before interest and income tax). This measurement basis excludes the effects of interest expense, head office reimbursements and gains and losses arising from disposal of fixed assets. The measure also excludes the effects of dividend income from inter-geographical segments.

	Consolidated	
	2011	2010
	\$'000	\$'000
EBIT	2,766	3,704
Interest paid	(8)	(42)
Operating profit	<u>2,758</u>	3,662
Head office reimbursement	(1,193)	(1,361)
Fixed asset disposal profit	68	2
Dividend tax deducted at source	-	(288)
Net exchange differences	<u>677</u>	635
Profit before income tax	<u>2,310</u>	2,650

#### Reconciliation of Operating profit to Statements of Comprehensive Income:

	2011	2010
	\$'000	\$'000
Operating profit as per (c) above	2,758	3,662
Add back: Finance costs	8	42
Head office reimbursement	(1,193)	(1,361)
Fixed asset disposal profit	68	2
Dividend tax deducted at source	-	(288)
Net exchange differences	<u>677</u>	635
Operating profit as per Statements of Comprehensive Income	<u>2,318</u>	2,692

**(d) Reportable segment assets and liabilities**

The reports provided to the Executive Committee with respect to assets and liabilities are reviewed and measured in respect of location only and consistent with that of the financial statements.

**6 Revenue**

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<i>Revenue from continuing operations</i>				
Operating revenue	99,137	95,216	60,685	55,037
Car rental income	4,595	5,011	3,268	3,524
Sale and buy-back revenue	3,969	3,969	3,847	3,849
	<u>107,701</u>	<u>104,196</u>	<u>67,800</u>	<u>62,410</u>
<i>Other income</i>				
Rents and sub-lease rentals	137	174	42	71
Interest	271	295	71	50
Dividends	-	-	376	1,049
Gain/(loss) on sale of fixed assets	68	2	(2)	2
Other income	1,653	1,884	946	784
	<u>2,129</u>	<u>2,355</u>	<u>1,433</u>	<u>1,956</u>
Total Revenue	<u>109,830</u>	<u>106,551</u>	<u>69,233</u>	<u>64,366</u>

**7 Profit before income tax**

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Profit before income tax has been determined after:</b>				
<b>Charging as expense:</b>				
Depreciation and amortisation of fixed assets	6,068	5,588	4,844	4,456
Employee emoluments and benefits expenses	7,881	7,952	5,255	5,417
Auditors remuneration for audit services	234	232	165	185
Bad debts written off in respect of trade debts	385	33	385	23
<b>Provisions made in respect of:</b>				
Trade and term debts	496	242	240	56
Employee emoluments	1,035	1,097	754	781
Employee benefits (Long service leave)	91	96	91	96
Stock obsolescence	965	681	501	416
Sundry	130	173	86	107

## 8 Employee emoluments and benefits

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Staff	5,332	5,727	3,903	4,291
Key management personnel (note 32 (b))	2,549	2,225	1,352	1,126
Total employee emoluments and benefits	<u>7,881</u>	<u>7,952</u>	<u>5,255</u>	<u>5,417</u>

	Consolidated		Parent	
	2011	2010	2011	2010
Number of employees	<u>385</u>	<u>389</u>	<u>255</u>	<u>264</u>

## 9 Income tax

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>(a) Income tax (expense)/ benefit</b>				
<b>Current tax</b>				
Current tax	923	1,580	756	899
Adjustment in respect of prior years	(322)	21	(322)	6
<b>Total current tax</b>	<u>601</u>	<u>1,601</u>	<u>434</u>	<u>905</u>
<b>Deferred Tax</b>				
Origination and reversal of temporary differences	(241)	(594)	(461)	(613)
Prior year adjustment	179	(117)	179	(117)
Impact of change in tax rate	-	30	-	30
<b>Total deferred tax</b>	<u>(62)</u>	<u>(681)</u>	<u>(282)</u>	<u>(700)</u>
<b>Income tax expense</b>	<u>539</u>	<u>920</u>	<u>152</u>	<u>205</u>

**(b) The prima facie income tax payable on operating profit before income tax is reconciled to the income tax expense in the income statement as follows:**

Net profit/(loss) before income tax	<u>2,310</u>	<u>2,650</u>	<u>1,431</u>	<u>1,783</u>
Prima facie income tax (expense)/benefit calculated at 28% (2010: 29%) on operating profit/(loss)	646	769	400	517
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividend income	(105)	-	(105)	-
	541	769	295	517
Income tax under/(over) provided in prior years	(143)	(96)	(143)	(111)
Differences in overseas tax rates	93	39	-	-
Effect of change in tax rates	-	(30)	-	(30)
Others	48	238	-	(171)
<b>Income tax expense</b>	<u>539</u>	<u>920</u>	<u>152</u>	<u>205</u>

## 10 Cash and cash equivalents

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Cash comprises:</b>				
Cash at bank	2,542	2,300	-	-
Cash on hand	352	805	883	-
Deposits at call	5,184	3,981	4,198	3,000
	<u>8,078</u>	<u>7,086</u>	<u>5,081</u>	<u>3,000</u>

### Reconciliation to cash flow statement:

Cash and bank overdrafts include the following for the purposes of the statement of cash flows:

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash	8,078	7,086	5,081	3,000
Bank overdraft (note 20)	(10)	(345)	-	(345)
Balances per statement of cash flows	<u>8,068</u>	<u>6,741</u>	<u>5,081</u>	<u>2,655</u>

#### (a) Risk exposure

The consolidated entity's and the parent entity's exposure to interest rate risk is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

#### (b) Cash at bank and on hand

These are non-interest bearing.

#### (c) Deposits at call

The deposits are bearing fixed interest rate of 2.25% (2010: 3.25%).

#### (d) Fair value

The carrying amount for cash and cash equivalents equals their fair values.

**11 Current assets – Receivables**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Trade debtors	4,734	6,456	3,214	4,728
Provision for doubtful debts	<u>(368)</u>	<u>(106)</u>	<u>(240)</u>	<u>(56)</u>
	<b>4,366</b>	<b>6,350</b>	<b>2,974</b>	<b>4,672</b>
Term debtors	1,239	1,486	329	388
Provision for doubtful debts - term debtors	<u>(80)</u>	<u>(64)</u>	<u>-</u>	<u>-</u>
Provision for unearned income - term debtors	<u>(26)</u>	<u>(72)</u>	<u>-</u>	<u>(1)</u>
	<b>1,133</b>	<b>1,350</b>	<b>329</b>	<b>387</b>
Receivables from related parties	631	-	20	-
Other receivables	<u>366</u>	<u>1,702</u>	<u>228</u>	<u>288</u>
	<b>997</b>	<b>1,702</b>	<b>248</b>	<b>288</b>
Prepayments	<u>344</u>	<u>403</u>	<u>122</u>	<u>136</u>
	<b>6,840</b>	<b>9,805</b>	<b>3,673</b>	<b>5,483</b>

The fair value of trade and other receivables are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Trade receivables	4,366	6,350	2,974	4,672
Other trade debtors	<u>1,133</u>	<u>1,350</u>	<u>329</u>	<u>387</u>
	<b>5,499</b>	<b>7,700</b>	<b>3,303</b>	<b>5,059</b>
Prepayments	344	403	122	136
Other receivables	366	1,702	228	288
Receivables from related parties	<u>631</u>	<u>-</u>	<u>20</u>	<u>-</u>
	<b>6,840</b>	<b>9,805</b>	<b>3,673</b>	<b>5,483</b>

Trade and other receivables are expected to be settled/realised within 3 months and at the latest, a year. Balances outstanding/unrealised beyond 3 months, and assessed to be non-collectable, have all been provided for. The current carrying values of all trade and other receivables are considered to be a close approximation of their fair values.

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Up to 3 months	5,078	6,378	3,272	4,699
3 to 6 months	345	830	12	239
Over 6 months	<u>76</u>	<u>492</u>	<u>19</u>	<u>121</u>
	<b>5,499</b>	<b>7,700</b>	<b>3,303</b>	<b>5,059</b>

## 11 Current assets – Receivables (continued)

The carrying amounts of the group's trade and other receivables denominated in foreign currency at year end are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Australian dollar (AUD)	-	959	-	138
US dollar	-	9	-	-
Japanese yen (JPY)	-	52,166	-	3,750
Other	<b>631</b>	9	<b>20</b>	-

Movements on the group provision for doubtful debts (impairment) of trade receivables are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Provision for doubtful debts – movements</b>				
At 1 April 2010	<b>106</b>	254	<b>56</b>	111
Provision for doubtful debts	<b>289</b>	46	<b>190</b>	3
Receivables written off during the year as uncollectable	-	(33)	-	(23)
Unused amount reversed	<b>(27)</b>	(161)	<b>(6)</b>	(35)
At 31 March 2011	<b><u>368</u></b>	<u>106</u>	<b><u>240</u></b>	<u>56</u>

The other receivables and prepayments are not impaired.

## 12 Current assets – Inventories

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Finished goods	<b>21,980</b>	21,870	<b>12,567</b>	12,611
Provision for obsolescence (note 7)	<b>(965)</b>	(681)	<b>(501)</b>	(416)
Finished goods	<b>21,015</b>	21,189	<b>12,066</b>	12,195
Work in progress	<b>18</b>	16	<b>14</b>	9
	<b><u>21,033</u></b>	<u>21,205</u>	<b><u>12,080</u></b>	<u>12,204</u>

The cost of inventories and the amount of write-downs recognised as expense and included in 'cost of sales' for the group and company amounted to \$71,504,014 (2010: \$72,741,603) and \$965,133 (2010: \$680,552) respectively.

The carrying amount of the group's inventories reflect their fair values after taking into account obsolescence provisions and the current rate of stock turnover. Costs to sell range from 5% to 7% of the current carrying amounts.

### 13 Current assets - Other current assets

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sale and buy back assets (note 26)	2,140	1,869	2,140	1,869
Other current assets	<u>288</u>	<u>268</u>	<u>288</u>	<u>233</u>
	<u>2,428</u>	<u>2,137</u>	<u>2,428</u>	<u>2,102</u>

### 14 Non-current assets – Receivables

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Term debtors	214	355	212	352
Rental deposits	<u>7</u>	<u>8</u>	<u>7</u>	<u>8</u>
	<u>221</u>	<u>363</u>	<u>219</u>	<u>360</u>

#### Fair values

All term debtors are expected to be settled within 2 to 5 years and their fair values based on the corporate borrowing rate which the company would have been entitled to at year end. Their fair values at balance date are as follows:

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Term debtors fair value	<u>214</u>	<u>355</u>	<u>212</u>	<u>352</u>

Rental deposits are not expected to be significantly different from the current carrying values.

### 15 Non-current assets - Other financial assets

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Shares in subsidiaries - at cost (note 31)	<u>-</u>	<u>-</u>	<u>1,084</u>	<u>1,084</u>
	<u>-</u>	<u>-</u>	<u>1,084</u>	<u>1,084</u>

Shares in subsidiaries are carried at cost. They are accounted for in line with policy note 2(l).

**16 Non-current assets - Property, plant and equipment**

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Freehold and &amp; buildings</b>				
At cost	8,810	8,744	6,390	6,189
Accumulated depreciation	(4,561)	(4,303)	(2,190)	(1,910)
<b>Leasehold land and buildings</b>				
At cost	2,861	2,825	748	709
Accumulated amortisation	(1,936)	(1,793)	(453)	(406)
<b>Plant and equipment</b>				
At cost	11,152	9,865	5,772	5,593
Accumulated depreciation	(7,157)	(5,992)	(3,999)	(3,370)
<b>Sale and buy-back vehicles</b>				
At cost	11,100	11,092	10,681	10,712
Accumulated depreciation	(5,862)	(4,701)	(5,724)	(4,467)
<b>Capital work in progress</b>	<u>32</u>	<u>132</u>	<u>32</u>	<u>121</u>
<b>At end of year</b>	<u><u>14,439</u></u>	<u><u>15,869</u></u>	<u><u>11,257</u></u>	<u><u>13,171</u></u>

**16 Non-current assets - Property, plant and equipment (continued)**

Consolidated	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Sale and buy-back vehicles \$'000	Total \$'000
<b>At 31 March 2011</b>					
Balance as per 2010 Financial Statements	5,235	397	3,844	6,393	15,869
Foreign exchange differences	(10)	(2)	(56)	1	(67)
Carrying amount at 1 April 2010	5,225	395	3,788	6,394	15,802
Additions	89	38	1,979	2,400	4,506
Disposals	-	-	(23)	-	(23)
Depreciation	(400)	(161)	(1,952)	(3,555)	(6,068)
Other movements	-	17	173	-	190
Capital work in progress additions	32	-	-	-	32
Carrying amount at 31 March 2011	4,946	289	3,965	5,239	14,439

Consolidated	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Sale and buy-back vehicles \$'000	Total \$'000
<b>At 31 March 2010</b>					
Balance as per 2009 Financial Statements	3,458	2,910	2,947	5,468	14,783
Foreign exchange differences	58	165	208	12	443
Carrying amount at 1 April 2009	3,516	3,075	3,155	5,480	15,226
Additions	16	-	2,649	4,596	7,261
Disposals	(546)	-	(389)	(227)	(1,162)
Depreciation	(382)	(179)	(1,571)	(3,456)	(5,588)
Re-classifications	2,499	(2,499)	-	-	-
Capital work in progress additions	132	-	-	-	132
Carrying amount at 31 March 2010	5,235	397	3,844	6,393	15,869

**16 Non-current assets - Property, plant and equipment (continued)**

Parent	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and Equipment \$'000	Sale and buy-back vehicles \$'000	Total \$'000
<b>At 31 March 2011</b>					
Carrying amount at 1 April 2010	4,143	302	2,259	6,467	13,171
Additions	80	38	606	2,178	2,902
Disposals	-	-	-	(4)	(4)
Depreciation	(281)	(48)	(1,050)	(3,465)	(4,844)
Capital work in progress additions	32	-	-	-	32
Carrying amount at 31 March 2011	<u>3,974</u>	<u>292</u>	<u>1,815</u>	<u>5,176</u>	<u>11,257</u>

Parent	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and Equipment \$'000	Sale and buy-back vehicles \$'000	Total \$'000
<b>At 31 March 2010</b>					
Carrying amount at 1 April 2009	1,987	2,849	1,631	5,428	11,895
Additions	16	-	1,457	4,401	5,874
Disposals	(254)	(3)	(1)	(5)	(263)
Depreciation	(226)	(45)	(828)	(3,357)	(4,456)
Reclassification	2,499	(2,499)	-	-	-
Capital work in progress additions	121	-	-	-	121
Carrying amount at 31 March 2010	<u>4,143</u>	<u>302</u>	<u>2,259</u>	<u>6,467</u>	<u>13,171</u>

### 17 Non-current assets - Other non-current assets

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sale and buy back assets (note 26)	<u>5,256</u>	5,529	<u>5,164</u>	5,483

### 18 Current liabilities - Payables

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade creditors	3,496	5,362	1,418	1,746
Related parties	2,747	1,797	2,220	1,640
Accrued expenses	623	409	446	216
Other creditors	1,185	1,832	486	794
Employee entitlement provisions	1,035	1,097	754	781
	<u>9,086</u>	10,497	<u>5,324</u>	5,177

### 19 Current liabilities – Provisions

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Employee benefits (a)	91	96	91	96
Dividends (b)	87	29	87	29
Dividends payable parent shareholders (b)	334	111	334	111
Sundry (c)	130	173	86	107
	<u>642</u>	409	<u>598</u>	343

#### (a) Employee benefits

Provision for employee benefits relate to long service leave. The group is obliged to reward employees for years of service after 15 and 20 years of continuous employment. This provision estimates the extent of the benefit outstanding to an employee as a proportion of their 15 or 20 years of service and does not take into account the possibility of an employee being terminated, terminally ill, unfit for employment, voluntarily resigning or deceased. Within the coming year, the company expects to pay out approximately \$19,726 as employee benefits if all the necessary conditions are met. Employee benefits have been accounted for as per note 2(q).

#### (b) Dividends

Provision for dividends arises from the amount proposed by the board as dividends. The amount outstanding at balance date reflects unpaid dividends. There are no uncertainties in relation to the settlement of dividend provisions. Final dividends proposed by the board are normally ratified by the shareholders at the group's annual general meeting. All outstanding dividends are expected to be paid out come the next financial year. Dividends have been accounted for as per note 2(r).

## 19 Current liabilities - Provisions (continued)

### (c) Sundry

The amount represents provisions for legal, unified campaign and warranty claims. The provision charge is recognised in profit and loss within 'administrative and business expenses'. The balance at 31 March 2011 is expected to be settled within the next financial year. In the Board's opinion, after making an assessment of historical data, the current market situation, and taking legal advice, the outcome of these provisions will not result in any significant loss beyond the amounts provided at 31 March 2011.

	Employee benefits \$'000	Dividends \$'000	Dividends payable to parent shareholders \$'000	Sundry \$'000	Total \$'000
<b>Consolidated</b>					
At 1 April 2010	96	29	111	173	409
Charged/(credited) to the income statements					
- Additional provisions	20	87	334	430	871
- Used during the year	(25)	(29)	(111)	(473)	(638)
At 31 March 2011	<u>91</u>	<u>87</u>	<u>334</u>	<u>130</u>	<u>642</u>

	Employee benefits \$'000	Dividends \$'000	Dividends payable to parent shareholders \$'000	Sundry \$'000	Total \$'000
<b>Parent</b>					
At 1 April 2010	96	29	111	107	343
Charged/(credited) to the income statements					
- Additional provisions	20	87	334	369	810
- Used during the year	(25)	(29)	(111)	(390)	(555)
At 31 March 2011	<u>91</u>	<u>87</u>	<u>334</u>	<u>86</u>	<u>598</u>

## 20 Current liabilities - Interest bearing liabilities

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Bank overdraft (note 10)	<u>10</u>	345	-	345
Total current borrowings	<u>10</u>	345	-	345

The carrying amounts of current borrowings approximate their fair value.

The bank overdraft attracts interest at the rate of 7.2% per annum and is unsecured. Under this facility, the company has access to draw funds up to a limit of \$3.5m. At balance date, \$9,574 (2010: \$345,318) of this facility was in use.

## 21 Current liabilities - Other current liabilities

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sale and buy back liabilities (note 26)	2,202	1,961	2,202	1,921
Sale and buy-back income in advance - current	2,865	3,272	2,719	3,162
Duty and VAT liability	69	-	76	-
	<u>5,136</u>	<u>5,233</u>	<u>4,997</u>	<u>5,083</u>

## 22 Non-current liabilities - Other non-current liabilities

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sale and buy back liabilities (note 26)	5,502	6,077	5,388	6,016
Service contracts	1,575	2,413	1,513	2,372
Sale and buy-back income in advance - non current	2,829	3,742	2,652	3,661
	<u>9,906</u>	<u>12,232</u>	<u>9,553</u>	<u>12,049</u>

## 23 Cash generated from operations

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Profit for the year	1,771	1,730	1,279	1,578
Adjustments:				
Depreciation and amortisation	6,068	5,588	4,844	4,456
Net (profit) / loss on sale of non current assets	(68)	(2)	2	(2)
Share of net profits of associates	-	-	-	-
Dividend income	-	-	(376)	(1,049)
Interest income	(271)	(295)	(71)	(50)
Income taxes paid	1,036	974	404	501
Foreign exchange differences	-	-	-	-
Interest expense	8	42	-	37
Net cash provided by operating activities before change in assets and liabilities	<u>8,544</u>	<u>8,037</u>	<u>6,082</u>	<u>5,471</u>
Change in operating assets and liabilities:				
(Increase) / decrease in trade and other receivables	2,742	(1,725)	1,573	413
(Increase) / decrease in inventories	(40)	(2,035)	112	1,987
(Increase) / decrease in tax assets and liabilities	(497)	(54)	(252)	(296)
(Increase) / decrease in other operating assets	184	(1,015)	150	(990)
(Increase) / decrease in trade and other payables	(2,555)	4,506	(638)	1,470
(Increase) / decrease in other liabilities	213	394	231	373
Increase / (decrease) in other provisions	(2,221)	2,504	(2,381)	2,399
Cash generated from operations	<u>6,370</u>	<u>10,612</u>	<u>4,877</u>	<u>10,827</u>

## 24 Deferred income tax

### (a) Deferred tax asset and deferred tax liability

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<u>Deferred tax assets:</u>				
Total deferred tax asset	1,540	1,376	1,085	803
<u>Deferred tax liabilities:</u>				
Total deferred tax liabilities	<u>(268)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
Total deferred tax	<u>1,272</u>	<u>1,356</u>	<u>1,085</u>	<u>803</u>

The gross movement on the deferred income tax account is as follows:

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Beginning of year	1,356	465	803	103
Exchange differences	(146)	210	-	-
Income statement charge - current year (note 9(a))	62	681	282	700
<b>Deferred tax – 31 March 2011</b>	<u>1,272</u>	<u>1,356</u>	<u>1,085</u>	<u>803</u>

## 25 Net foreign exchange gains/(losses)

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Net foreign exchange gains	<u>677</u>	<u>635</u>	<u>486</u>	<u>430</u>

The exchange differences are (charged) / credited to the statement of comprehensive income.

## 26 Sale and buy back

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Other current assets (note 13)	<b>2,140</b>	1,869	<b>2,140</b>	1,869
Other non-current assets (note 17)	<b>5,256</b>	5,529	<b>5,164</b>	5,483
Other current liabilities (note 21)	<b>(2,202)</b>	(1,961)	<b>(2,202)</b>	(1,921)
Other non-current liabilities (note 22)	<b>(5,502)</b>	(6,077)	<b>(5,388)</b>	(6,016)
	<b><u>(308)</u></b>	<u>(640)</u>	<b><u>(286)</u></b>	<u>(585)</u>

The above receivables and payables are included in the balance sheet in respect of sale and buy back transactions of the consolidated entity and its subsidiaries as described in note 2(u).

All sale and buy back assets and liabilities of the group are with the two major players in the banking industry. Hence, the carrying amounts of all sale and buy back assets and liabilities reflected in the group's financial statements at balance date are deemed to be at their fair value.

## 27 Contributed equity

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Share capital</b>				
Ordinary shares				
Issued and paid up capital	<b><u>14,032</u></b>	<u>14,032</u>	<b><u>14,032</u></b>	<u>14,032</u>

The total authorised number of ordinary shares is 20 million shares (2010: 20 million shares) with a par value of \$1 per share (2010: \$1 per share). All issued shares are fully paid and have equal rights to vote at general meetings, receive dividends and carry the same preferences and restrictions.

## 28 Dividends per share

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Final dividend of 3.0 cent per share - 2011	421	-	421	-
1 <sup>st</sup> interim dividend of 7.0 cents per share - 2010	-	983	-	983
2 <sup>nd</sup> interim dividend of 1.0 cents per share - 2010	-	140	-	140
	<u>421</u>	<u>1,123</u>	<u>421</u>	<u>1,123</u>

The dividends are accounted for in accordance with the policy note 2(r).

## 29 Earnings per share

### (a) Basic

	Consolidated	
	2011 \$'000	2010 \$'000
Profit attributable to members of Toyota Tsusho (South Sea) Limited.	1,771	1,730
Weighted average number of ordinary shares issued	14,032	14,032
Basic earnings per share	<u>0.13</u>	<u>0.12</u>

### (b) Diluted shares

Diluted earnings per share are the same as basic earnings per share.

### (c) Net tangible assets per share

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Net assets	34,102	33,081	20,905	20,028
Weighted average number of ordinary shares issued	14,032	14,032	14,032	14,032
Net tangible assets per share	<u>2.43</u>	<u>2.36</u>	<u>1.49</u>	<u>1.43</u>

### 30 Reserves and retained earnings

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Capital redemption reserve	56	56	56	56
Share premium reserve	395	395	395	395
Foreign currency translation reserve	1,215	1,563	-	-
	<b>1,666</b>	<b>2,014</b>	<b>451</b>	<b>451</b>

#### (a) Reserves

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

#### Movements:

##### Foreign currency translation reserve

Balance 1 April 2010	1,563	(418)	-	-
Currency translation differences arising during the year	(348)	1,981	-	-
Balance 31 March 2011	<b>1,215</b>	<b>1,563</b>	<b>-</b>	<b>-</b>

Exchange differences arising on translation of the foreign controlled entities are taken to be the foreign currency translation reserve, as described in note 2(d). The reserves are recognised in profit and loss when the net investment is disposed of.

There are no policies regarding the distribution of the capital redemption and share premium reserve, but sole directive rests with the Board of Directors.

#### (b) Retained earnings

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Retained profits at the beginning of the financial year	17,035	16,428	5,545	5,090
Net profit attributable to members of Toyota Tsusho (South Sea) Limited	1,771	1,730	1,279	1,578
Dividends	(421)	(1,123)	(421)	(1,123)
Transfer of unclaimed dividends to retained earnings	19	-	19	-
Balance 31 March 2011	<b>18,404</b>	<b>17,035</b>	<b>6,422</b>	<b>5,545</b>

### 31 Investments in subsidiaries

Investments in subsidiaries (unlisted):

Name of company	Toyota Tsusho (South Sea) Limited Investment Percentage		Contributing to group net Operating profit (loss)		Book Value	
	2011	2010	2011	2010	2011	2010
	%	%	\$'000	\$'000	\$'000	\$'000
Car Rentals Pacific Limited	100	100	-	-	189	189
Toyota Tsusho (American Samoa) Inc	100	100	(55)	556	594	594
Toyota Tsusho (Tonga) Ltd	100	100	88	7	1	1
Toyota Tsusho (Samoa) Ltd	100	100	835	925	300	300
			<b>868</b>	<b>1,488</b>	<b>1,084</b>	<b>1,084</b>

#### Place of incorporation:

Car Rentals Pacific Limited	Fiji
Toyota Tsusho (American Samoa) Inc	American Samoa
Toyota Tsusho (Tonga) Ltd	Tonga
Toyota Tsusho (Samoa) Ltd	Independent State of Samoa

#### Countries where business carried on:

Car Rentals Pacific Limited	Fiji
Toyota Tsusho (American Samoa) Inc	American Samoa
Toyota Tsusho (Tonga) Ltd	Tonga
Toyota Tsusho (Samoa) Ltd	Independent State of Samoa

The business assets and liabilities of Car Rentals Pacific Limited were transferred to the parent company, Toyota Tsusho (South Sea) Limited on 1 January 2005.

### 32 Related parties

Details of interest in subsidiary companies are set out in note 31.

The immediate holding company of Toyota Tsusho (South Sea) Limited is Toyota Tsusho South Pacific Holdings Pty Ltd incorporated in New South Wales, Australia, whose shares are held by Toyota Tsusho Corporation, incorporated in Japan.

#### Transactions of directors and director related entities concerning shares or share options

During the year, the company entered into transactions with its immediate holding company, Toyota Tsusho South Pacific Holdings Pty Ltd, under a formalised Management Agreement for support services in the normal course of business under normal commercial terms. The group incurred management fees payable to Toyota Tsusho South Pacific Holdings Pty Ltd of FJD1.2 million (2010: FJD1.4 million).

Purchases of trading stock from Toyota Tsusho Corporation are in the normal course of business and on normal commercial terms and conditions amounting to approximately FJD10.9million (2010: FJD18.1 million). All dealings with subsidiaries and other related parties are in the ordinary course of business and on normal terms and conditions.

#### (a) Sale of goods and services

No sales were carried out with related parties. Related party receivables arise out of warranty claims.

#### (b) Key management personnel

Key management personnel includes the management committee members and the group's Directors who have the authority and responsibility for planning, directing, and controlling the activities of the entity, either directly or indirectly.

	<b>Consolidated</b>		Parent	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Emoluments	<b>2,285</b>	2,024	<b>1,143</b>	965
Benefits	<b>264</b>	201	<b>209</b>	161
Total emoluments and benefits	<b>2,549</b>	2,225	<b>1,352</b>	1,126

#### (c) Purchases of goods and services

The company made the following purchase of goods and services from the related parties.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Purchases of goods		
-Ultimate parent	<b>10,919</b>	18,083
-Immediate parent	<b>13,769</b>	18,873
Total goods purchased from related parties	<b>24,688</b>	36,956
Purchase of services:		
-Immediate parent	<b>1,193</b>	1,361

**d) Year-end balances arising from sale and purchase of goods and services**

	2011 \$'000	2010 \$'000
Receivable from related parties		
-Immediate parent	541	-
-Other related parties	90	20
Total receivable from related parties	631	20
Payable to related parties		
-Ultimate parent	576	635
-Immediate parent	2,243	1,080
-Other related parties	262	193
Total payable to related entities	3,081	1,908

The receivables from related parties arise mainly from sale transactions and are due one month after date of sales. The receivables are unsecured and bear no interest.

Payables to the related parties arise mainly from purchase transactions and are due one month after the date of purchase. The payables bear no interest.

**33 Contingent liabilities**

	Consolidated		Parent	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Details and estimates of maximum amounts of contingent liabilities are as follows:				
Guarantees and endorsements	1,136	1,041	1,136	1,041
Other	-	-	-	-
	1,136	1,041	1,136	1,041

The Board does not anticipate that any material liabilities will arise from the contingent liabilities disclosed above.

The group has no further contingent liabilities other than those disclosed above.

### 34 Commitments for expenditure

#### (a) Finance leases

The company and its subsidiaries have various lease agreements in the region, with the lease term ranging from 10 to 99 years. The total commitments for future rentals, which have not been provided for in the financial statements are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Within one year	<b>1,004</b>	832	<b>507</b>	532
Later than one year but not later than five years	<b>3,009</b>	2,470	<b>1,867</b>	1,725
Later than five years	<b>3,410</b>	4,261	<b>577</b>	2,077
	<b>7,423</b>	7,563	<b>2,951</b>	4,334

#### (b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Property , plant and equipment Payable within one year	<b>677</b>	1,825	-	-

### 35 Matters subsequent to the end of the financial year

(a) Prior to the completion of the Holding Company's and its subsidiary companies' financial statements, the Directors took reasonable steps to ascertain what action has been taken in relation to writing off bad debts and the making of provision for doubtful debts.

All known bad debts have been written off and adequate provision has been made for doubtful debts.

As at the date of the report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the provision for doubtful debts in the group, inadequate to any substantial event.

(b) Prior to the completion of the financial statements of the Holding Company and subsidiary companies, the Directors took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company and its subsidiaries. Where necessary, these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the group financial statements misleading or misstated.

(c) As at the date of this report:

(i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person; and

(ii) no contingent liabilities have arisen since the end of the financial year for which companies in the group could become liable.

### **35 Matters subsequent to the end of the financial year (continued)**

(d) As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt within the report or the group financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company or its subsidiaries misleading or inappropriate.

(e) Apart from the matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the group or of any companies in the group during the financial year were not substantially affected by any item, transaction or event of an abnormal character likely, in the opinion of the Directors, to affect substantially the results of the operations or disclosures noted therein of any company in the group in the current financial year.

(f) Since the end of the financial year, no benefits (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the group financial statements or their fixed salary as a full time employee of the company) have accrued to any Directors by reason of a contract made by the company, or a related corporation with that Director or with any firm of which he/she is a member or a company in which he/she has a substantial financial interest.

### **36 Principal Activities**

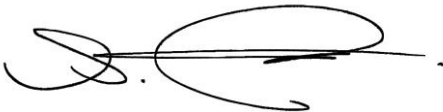
The principal activities of the companies in the group are automotive importation and retail.

## Directors' declaration

The Directors of Toyota Tsusho (South Sea) Limited hereby state that in their opinion:

- (a) The accompanying statements of comprehensive income of the parent entity and of the group are drawn up so as to give a true and fair view of the results of the parent entity and of the group for the year ended 31 March 2011.
- (b) The accompanying balance sheets of the parent entity and of the group are drawn up so as to give a true and fair view of the statement of affairs of the parent entity and of the group at 31 March 2011.
- (c) The accompanying cash flow statements of the parent entity and of the group are drawn up so as to give a true and fair view of the cash flows of the parent entity and of the group for the year ended 31 March 2011.
- (d) The accompanying statements of changes in equity are drawn up so as to give a true and fair view of the movement in shareholders' equity of the parent entity and of the group for the year ended 31 March 2011.
- (e) At the date of this statement, there are reasonable grounds to believe the parent entity and the group will be able to pay their debts as and when they fall due; and
- (f) All related party transactions have been adequately recorded in the books of the parent entity and the group and reflected in the attached financial statements.

Signed at Suva this 9th day of June 2011 in accordance with the resolution of Directors.



Shigeru Ito  
Director



Abdul Hafiz  
Director

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this Annual Report)

- a) Statement of interest of each Director in the share capital of the Company or in a related Corporation as at 31 March 2011 in compliance with Listing Requirements

Directors' and Senior Management's interest in the company is 354 shares as at 31 March 2011.

- b) Distribution of Share Holding

<u>Holding</u>	<u>No of Holders</u>	<u>% Holding</u>
Less than 500 Shares	93	0.14
501 to 5,000 Shares	46	0.40
5,001 to 10,000 Shares	6	0.30
20,001 to 30,000 Shares	1	0.17
30,001 to 40,000 Shares	1	0.22
40,001 to 50,000 Shares	1	0.30
50,001 to 100,000 Shares	1	0.36
100,001 to 1,000,000 Shares	1	4.16
Over 1,000,000 Shares	<u>2</u>	<u>93.95</u>
Total	<u>152</u>	<u>100.00</u>

- c) Share Register

Central Share Registry  
 South Pacific Stock Exchange  
 Level 2, Plaza One, Provident Plaza.  
 33 Ellery Street,  
 GPO Box 11689,  
 Suva, Fiji  
 Ph: 330 4130

- d) The Board of Directors met three times during the financial year. All three meetings were ordinary meetings.

The following table shows the attendance of the Directors at the board meetings:

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies received
Shigeru Ito (Chairman)	3	3	0
Koji Ueda	3	3	0
Teresa Julia Apted	3	3	0
John Benedict Thomas	3	3	0
Mitsuyoshi Okutsu	3	3	0
George Joseph Cremona	2	2	0
Ian Thomas McLean	2	2	0
Abdul Hafiz	1	1	0

e) Past Five Year Performance

Listing requirements to provide the shareholders information on the past five years of trading is detailed in the following table:

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Net Profit</b>	3,289	2,762	1,237	1,399	1,730
<b>Assets</b>	46,231	47,024	45,981	55,264	63,370
<b>Liabilities</b>	17,977	17,532	16,629	24,771	30,289
<b>Equity</b>	28,254	29,492	29,352	30,493	33,081

f) The following table shows the highest and lowest share price during the course of the year:

	<b>Share Price (\$)</b>
<b>Highest</b>	<b>1.97</b>
<b>Lowest</b>	<b>1.87</b>

As at 31 March 2011, the share price was \$1.87 per issued share.



## INDEPENDENT AUDIT REPORT

### To the shareholders of Toyota Tsusho (South Sea) Limited

We have audited the accompanying consolidated financial statements of Toyota Tsusho (South Sea) Limited (the Company) and its subsidiaries which comprise the balance sheets as at 31 March 2011 and the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 45.

#### *Directors' and Management's Responsibility for the Financial Statements*

Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

This report is made solely to the Company's shareholders, as a body, in accordance with Section 165(1) of the Fiji Companies Act 1983. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entities' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors and management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*GPO Box 200, Suva, Fiji Islands.*  
*T: (679)3313955 / 3315199, F: (679) 3300981 / 3300947*

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*Opinion*

In our opinion

- (a) proper books of account have been kept by the Company and its subsidiaries, so far as it appears from our examination of those books, and
- (b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:
  - (i) are in agreement with the books of account;
  - (ii) to the best of our information and according to the explanations given to us:
    - a) give a true and fair view of the state of affairs of the Company and of the group as at 31 March 2011 and of their financial performance, changes in equity, and their cash flows for the year ended on that date;
    - b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

**9 June, 2011**  
**Suva, Fiji**

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

**PricewaterhouseCoopers**  
**Chartered Accountants**



TOYOTA TSUSHO (SOUTH SEA) LIMITED

**Financial Statements**  
**2011**