PATEL

R B PATEL GROUP LIMITED

ANNUAL REPORT

FOR THE FIFTEEN MONTH PERIOD ENDED 30th JUNE 2009

ANNUAL REPORT
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

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DIRECTORY

Directors

Surendra K Patel
Sereana Qoro
Padam Raj Lala
Darshan Patel
Jaoji Koroi
Isoa Kaloumaira
Isiromi Bayameyame

Company Secretaries

Jayesh Patel
Darshan Patel

Auditors

G. Lal + Co.
Chartered Accountants
Suva

Solicitors

Sherani & Company
Barristers and Solicitors
Suva

Bankers

Australia & New Zealand Banking Group Limited
Westpac Banking Corporation

Registered Office

RB Patel Centre Point Building
Ratu Dovi Road
Laucala Beach Estate, Suva

CHAIRMAN'S REPORT

It gives me great pleasure to present the company's annual report for the 15 month period ended 30 June 2009. The 15 month reporting period for this financial year is a result of the change in the balance date to June approved in the last annual general meeting to align with the parent company's reporting period. Notwithstanding the 15 months reporting peroid, it is reassuring for me to announce that RB Patel Group Limited posted record financial results for the 15 months peroid against the backdrop of a difficult trading environment.

Financial Performance

Operating profit after tax for the 15 month period ended 30 June 2009 increased by 32.9% to $5.687 million compared to 12 months ended 31 March 2008 with sales revenue for the same period increasing by 35.3% to $101.884 million.

	12 months ended 31/03/07	12 months ended 31/03/08	15 months ended 30/06/09
Sales	$71,715,410	$75,282,459	$101,884,150
Growth	4.0%	5.0%	35.3%
Operating profit (after tax)	$3,707,120	$4,278,322	$5,687,854
Growth	25.8%	15.4%	32.9%
Dividends (cents)	10.00	14.00	14.00

The Board has declared a final interim dividend of 3 cents per share bringing the total dividend for the period to 14 cents per share.

Operating Environment

The Fiji economy is estimated to have grown by 0.2% in 2008 with no growth expected for 2009. Most of the inflation this year was "imported" and we will have very little control over this.

Operating environment for the 15-months ended June 2009 was difficult, characterised by an overall fall in disposable income, rapid increase in prices, and increasing competition. This environment was shaped by three significant events – the flow-on effects of the global financial crises; successive declines in domestic economy; and the devaluation of the Fiji dollar.

The global financial crisis has led to a worldwide decline in consumer demand which affected businesses and reduced consumer spending. Locally, this has translated immediately to lower demand for exports, reduction in overseas remittances, job losses and declining number of tourist arrivals. We are yet to see any strong positive signs of recovery on this front.

Fiji's domestic economy has recorded negative or no growth in the last three successive years. This decline has led to a fall in disposable income. Whilst some efforts have been made to revive the economy the effects of any new stimulus is taking longer to flow through.

The Fiji dollar was devalued by 20% in April 2009. Immediately the company lost close to $200,000 in opened foreign exchange position particularly with the New Zealand imports. Domestic cost of goods also increased sharply as local suppliers passed on their increase in costs. Whilst domestic prices have now stabilised, consumers are finding it hard to adjust their consumption to their current disposable income, which is leading to an overall fall in customer count.

Expansion and Growth

The Martintar Nadi complex, known as "RB Patel JetPoint Supacentre", is now completed and our supermarket in the complex is now operating well after opening in November 2008. We believe that the new business from this complex will be the major source of growth in the next two year as the complex grows to its full potential.

Stage 2 of the complex is already well tenanted (about 60%) with new tenant enquiries still coming in. We have a good mix of tenancy ranging from some key retailing outlets like Pizza King to some renowned international brands such as KPMG and AON Insurance Brokers.

CHAIRMAN'S REPORT (Cont'd)

Expansion and Growth (Cont'd)

During the year the company purchased a piece of freehold land in the greater Suva area and has commenced ground testing with fill works to follow. It is anticipated that construction work should start sometime in late 2009.

Your directors will continue to look for growth to enable further expansion with the underlying commitment that every new site should add value to the company's profitability and therefore shareholder value.

Customers and Service

Our core commitment to deliver "value for money" continues in all our endeavours. We also continue to deliver best value across the large range of international merchandise offered at all our stores. Your directors and the management team remain personally committed to the delivery of this value in terms of price, quality and the shopping experience.

The devaluation of the Fiji dollar in April has meant that all imported products will cost more. Our focus is therefore on ensuring continued availability of value-for-money goods in all our supermarkets. We have also constantly strived to ensure that our customers are provided with the best quality and range of goods at reasonable prices.

FICAC Investigation

On 23 June 2009, Fiji Islands Commission Against Corruption (FICAC) served a search warrant on the company and has taken certain documents. The company has not been communicated of any outcome of this search.

Future Outlook

Whilst we remain optimistic, the future operating environment is likely to become more challenging. The Wages Regulation Orders increasing the rates of pay for most of our employees became effective from July 2009. This new Wholesale and Retail Order has increased wage rates by as much as 20%. Similarly, we expect costs in other areas of running the business like transportation, refrigeration and security services to increase.

We also expect competition to intensify, both from new store openings and price cutting, as major retailers try to retain their customers. With customers already reeling from the double effects of increasing prices and declining disposable income, winning and maintaining customers would be our focus in the immediate future. We also expect sale of higher margin items to decline as consumers reassess their consumption patterns.

Although we are expecting a slowdown, RBG will continue to strive to ensure that the company is in a good position to take advantage of opportunities as they arise. Even a resilient industry like ours will show signs of a slowdown with these conditions continuing.

We urge the government to implement policies that will create the necessary environment in which all taxpayers can prosper. It is important to recognise that strong healthy companies with good profits are the cornerstone of a strong economy and should be encouraged to invest further.

Staff and Management

The period's results would not have been possible without the continued commitment and dedication from our management team and staff. We also reaffirm our commitment to the Management Company, who are managing our company under a management contract. On behalf of your Directors I would like to pass on our appreciation for their performance and achievements.

Finally, I also wish to thank all the directors for their effort, dedication and counsel over the period.

………………………

Isoa Kaloumaira
Chairman

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet of the company as at 30 June 2009, the related income statement, statement of changes in equity and cash flow statement for the period then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Isoa Kaloumaira	Jaoji Koroi	Sereana Qoro
Isiromi Bayameyame	Padam Raj Lala	Surendra K Patel
Darshan Patel		

Principal Activities

The principal activities of the company during the period were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments.

There were no significant changes in the nature of these activities during the financial period.

Results

The profit after income tax of the company for the fifteen month period was $5,687,854 after providing for income tax expenses of $2,277,064 (2008: $4,278,322 after providing for income tax expenses of $1,896,961).

Dividends

Dividends of $4,200,000 were declared during the period as follows:

30 September 2008	$1,200,000
31 March 2009	$2,100,000
30 June 2009	$ 900,000

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Bad and Doubtful Debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action has been taken in relation to writing off of bad debts and the making of allowance for doubtful debts. In the opinion of directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the company, inadequate to any substantial extent.

Non-Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. 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 company's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the company during the financial period were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial period and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial period.

DIRECTORS' REPORT (CONT'D)

Significant Events During the Period

During the period:

(a) On 14th April 2008, the partial takeover of the company by FHL Retailing Limited was completed. Accordingly, FHL Retailing Limited acquired 15,060,000 (50.2%) equity shares of the company for a total consideration of $21,084,000. Thereafter the company became a subsidiary of FHL Retailing Limited. As a result of this, the company changed its financial reporting date from 31 March to 30 June in order to be in line with the financial reporting date of the parent entity.

(b) On 15 April 2009, the Fiji dollar was devalued by 20% by the Reserve Bank of Fiji. The financial effect of this event, which has occurred during the financial period, has been incorporated in the financial statements for the period ended30 June 2009.

(c) On 23 June 2009, Fiji Independent Commission Against Corruption (FICAC) served a search warrant on the company and has taken certain documents. The company has not been communicated of any outcome of this search.

(d) Fiji Islands Revenue and Customs Authority has indicated to conduct, as part of their integrated tax audits, an audit of the tax affairs of the company.

Events Subsequent to Balance Date

No matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Other Circumstances

As at the date of this report:

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

(ii) no contingent liabilities have arisen since the end of the financial period for which the company could become liable; and

(iii) no contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the company, inadequate to any substantial extent.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements as emoluments) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 4th day of August 2009.

....	....
Isoa Kaloumaira	Jaoji Koroi
Chairman	Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of R B Patel Group Limited, we state that in the opinion of the directors:

[i] the accompanying income statement of the company is drawn up so as to give a true and fair view of the results of the company for the fifteen month period ended 30 June 2009;

[ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the fifteen month period ended 30 June 2009;

[iii] the accompanying balance sheet of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2009;

[iv] the accompanying cash flow statement of the company is drawn up so as to give a true and fair view of the cash flows of the company for the fifteen month period ended 30 June 2009;

[v] at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and

[vi] all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 4th day of August 2009.

....
Isoa Kaloumaira
Chairman

....
Jaoji Koroi
Director

G. LAL + CO.
CHARTERED ACCOUNTANTS

Level 10, FNPF Place,
313-359 Victoria Parade,
G.P.O Box 855, Suva, Fiji
Telephone: (679) 331 4300
Facsimile: (679) 330 1841
Email: info@glal.com.fj
Offices in Suva and Lautoka

An Independent Correspondent Firm to
Deloitte Touche Tohmatsu, New Zealand.

INDEPENDENT AUDIT REPORT

To the members of R B Patel Group Limited

Scope

We have audited the financial statements of R B Patel Group Limited for the fifteen month period ended 30 June 2009 as set out on pages 8 to 26. The company's management and directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with International Financial Reporting Standards and the Companies Act, 1983 so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, cash flows and changes in shareholders' equity.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

(a) proper books of account have been kept by the company, 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 as at 30 June 2009 and of the results, cash flows and changes in shareholders' equity of the company for the period ended on that date; and

(b) give the information required by the 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.

SUVA, FIJI
4th August 2009

CHARTERED ACCOUNTANTS

INCOME STATEMENT
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

	Note		Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
Revenue		$	101,884,150	75,282,459
Cost of sales			(82,393,944)	(61,376,145)
Gross profit			19,490,206	13,906,314
Other income	5		1,110,197	670,842
Insurance claim received	5		-	711,761
			20,600,403	15,288,917
Operating expenses			(11,587,977)	(8,459,423)
Selling and marketing expenses			(316,891)	(206,920)
Finance costs	6		(730,617)	(447,291)
Profit before income tax expense	7		7,964,918	6,175,283
Income tax expense	8		(2,277,064)	(1,896,961)
Profit for the period		$	5,687,854	4,278,322
Dividends per share	21		**14 cents**	**14 cents**
Basic & diluted earnings per share	20		19.0 cents	14.3 cents

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note		30 June 2009	31 March 2008
CURRENT ASSETS				
Cash on hand and at bank		$	154,176	98,910
Trade and other receivables	9		2,364,150	1,077,351
Inventories	10		10,310,641	8,465,834
Non-current asset classified as held for sale	11		-	750,544
Total current assets			12,828,967	10,392,639
NON-CURRENT ASSETS				
Financial assets – available-for-sale investments	12		7,104	7,104
Property, plant and equipment	13		25,215,979	25,409,787
Investment property	14		6,870,611	-
Deferred income tax assets	8(c)		30,223	9,712
Total non-current assets			32,123,917	25,426,603
TOTAL ASSETS			44,952,884	35,819,242
CURRENT LIABILITIES				
Trade and other payables	15		7,484,422	9,386,652
Interest bearing borrowings	16		7,740,959	6,443,539
Current income tax liabilities	8(b)		1,203,141	1,128,624
Provisions	17		16,920	19,826
Total current liabilities			16,445,442	16,978,641
NON-CURRENT LIABILITIES				
Interest bearing borrowings	16		9,934,000	2,158,823
Deposits	18		89,057	29,593
Deferred income tax liabilities	8(d)		1,552,904	1,208,558
Total non-current liabilities			11,575,961	3,396,974
TOTAL LIABILITIES			28,021,403	20,375,615
NET ASSETS			16,931,481	15,443,627
SHAREHOLDERS' EQUITY				
Share capital	19		15,000,000	15,000,000
Retained earnings			1,931,481	443,627
TOTAL SHAREHOLDERS' EQUITY		$	16,931,481	15,443,627

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

For and on behalf of the board and in accordance with a resolution of the board of directors.

....
Chairman **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

	Share capital	Retained earnings	Total
	$	$	$
Balance as at 31 March 2007	15,000,000	365,305	15,365,305
Profit for the year	-	4,278,322	4,278,322
Dividends paid or provided (note 21)	-	(4,200,000)	(4,200,000)
Balance at 31 March 2008	**15,000,000**	**443,627**	**15,443,627**
Profit for the period	-	5,687,854	5,687,854
Dividends paid or provided (note 21)	-	(4,200,000)	(4,200,000)
Balance at 30 June 2009	**15,000,000**	**1,931,481**	**16,931,481**

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

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CASH FLOW STATEMENT
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

	Note		Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
Cash flows from operating activities				
Receipts from customers		$	102,330,000	76,639,804
Payments to suppliers and employees			(96,306,575)	(71,265,545)
Cash generated from operations			6,023,425	5,374,259
Interest and other costs of finance paid			(730,617)	(447,291)
Income tax paid			(1,878,712)	(1,835,527)
Net cash provided by operating activities	27(c)		3,414,096	3,091,441
Cash flows from investing activities				
Payment for property, plant and equipment			(2,827,372)	(4,266,417)
Payment for investment property			(4,274,143)	-
Proceeds from sale of non current asset held for sale			950,000	-
Proceeds from sale of plant and equipment			4,000	76,000
Dividends received			12,000	6,000
Net cash used in investing activities			(6,135,515)	(4,184,417)
Cash flows from financing activities				
Proceeds from borrowings			8,221,177	2,658,823
Dividends paid			(6,295,912)	(2,997,147)
Net cash provided by/ (used in) financing activities			1,925,265	(338,324)
Net decrease in cash and cash equivalents			(796,154)	(1,431,300)
Cash and cash equivalents at the beginning of the financial period			(5,844,629)	(4,413,329)
Cash and cash equivalents at the end of the financial period	27(a)	$	**(6,640,783)**	**(5,844,629)**

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 1. GENERAL INFORMATION

R B Patel Group Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is disclosed in note 28 to the financial statements and the company is listed on the South Pacific Stock Exchange.

The principal activities of the company during the period were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments.

The financial statements were approved by the board of directors and authorised for issue on 4th August 2009.

Statement of Compliance
The financial statements have been prepared in accordance with the Companies Act 1983 and International Financial Reporting Standards ('IFRS').

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of R B Patel Group Limited have been prepared on the basis of historical cost convention, except for the revaluation of financial instruments and revaluation of certain non-current assets which were taken as "deemed cost" on transition to IFRS during the year ended 31 March 2007. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in note 4.

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2009 or later periods, but the company has not early adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations.

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14.
- IAS 1 (Revised and Amendment), 'Presentation of financial statements' (effective from 1 January 2009).
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).

(b) 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 company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Borrowing Costs

Borrowing costs directly attributable to the acquisition of the capital assets are capitalised until substantially all the activities necessary to prepare the capital assets for its intended use are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Cash and Cash Equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities in the balance sheet.

(e) Comparatives and Reporting Period

Current period financial statements are prepared for a fifteen month period ended 30 June 2009. Prior year results were for a twelve month period ended 31 March 2008. Accordingly, comparative figures represent results for twelve months and therefore may not be directly comparable.

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current period amounts.

(f) Dividend Distribution

Dividend declared but not distributed is recognised as a liability in the company's financial statements in the period in which the dividend are proposed or declared by the company's directors.

(g) Earnings Per Share

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

(h) Employee Benefits

Wages, salaries and annual leave

Provisions are made for benefits accruing to employees in respect of wages, salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(i) Financial Assets

The company classifies its financial assets in the following categories: held-to-maturity' investments, available-for-sale assets, and loans and receivables. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Receivables

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, which are classified as non-current assets. The company's receivables comprise 'trade and other receivables' disclosed in the balance sheet (note 9).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

Available-for-sale financial assets (Cont'd)

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of the available-for-sale financial assets are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses'.

Dividends on available-for-sale financial assets are recognised in the income statement as part of revenue when the company's right to receive payments is established.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

(j) Foreign Currency

i) Functional and Presentation Currency

The company operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

ii) Transactions and balances

All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in income statement in the period in which they arise.

(k) Impairment of Non - Financial Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss,if any. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets,if relevant, are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

(l) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income Tax (Cont'd)

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the period in which they are identified.

(n) Investment Property

Investment property principally comprising freehold land and building is held to earn rentals and/or for capital appreciation, is measured initially at its cost including transaction costs. Subsequent to initial recognition, investment property is measured at its cost less any accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight line basis over its estimated useful life using the following rate:

Building	1.50%- 2.50%

Investment property, excluding freehold land,is derecognised when either it has been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is taken into consideration in determining the results for the period.

(o) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leased Assets (Cont'd)

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Non-Current Assets Held for Sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification.

(q) Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including buildings and leasehold land but excluding freehold land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Leasehold lands	Terms of leases
Buildings	1.25% - 2.67%
Furniture, fittings and office equipment	12% - 40%
Motor vehicles	18%

(s) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the income statement.

(v) Segment Reporting

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. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

For reporting purposes, the company considers itself to be operating in one business segment as it operates predominantly in the retailing and wholesaling industry and revenue from other sources are not material for the purposes of segment reporting. In addition, the company operates mainly in Fiji and exports sales are negligible , hence one geographical segment for reporting purposes.

(w) Revenue Recognition

Sale of goods

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Sales revenue represent revenue earned from the sale of merchandise and is stated net of returns, trade allowances and Value Added Tax.

Rental income

Rental income is recognised on a normal accrual basis.

Rental income represent income earned from renting out of building space and is stated net of Value Added Tax.

Dividend

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

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(x) Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except:

i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 3. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 1, 2 and 4 to the financial statements.

(c) Foreign Currency Risk Management

The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are closely managed within approved policy parameters.

(d) Interest Rate Risk Management

The company is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed closely by the management and directors within the approved policy parameters.

(e) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's minimum exposure to credit risk.

(f) Liquidity Risk Management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

(g) Maturity Profile of Financial Instruments

The following table details the company's exposure to interest rate risk as at 30 June 2009:

	Fixed maturity dates						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
	$	$	$	$	$	$	$
Financial assets:							
Cash on hand and at bank	154,176	-	-	-	-	-	154,176
Trade and other receivables	2,364,150	-	-	-	-	-	2,364,150
	2,518,326	-	-	-	-	-	2,518,326
Financial liabilities:							
Payables and accruals	7,484,422	-	-	-	-	-	7,484,422
Bank overdraft	6,794,959	-	-	-	-	-	6,794,959
Bank Loans	946,000	1,032,000	1,032,000	1,032,000	1,032,000	5,806,000	10,880,000
Current tax payable	1,203,141	-	-	-	-	-	1,203,141
Provisions	16,920	-	-	-	-	-	16,920
	16,445,442	1,032,000	1,032,000	1,032,000	1,032,000	5,806,000	26,379,442

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 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 that are believed to be reasonable under the circumstances.

Critical Judgements in Applying the Entity's Accounting Policies

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment and investment property

The company assesses whether there are any indicators of impairment of all property, plant and equipment and investment property at each reporting date. Property, plant and equipment and investment property are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the period ended 30 June 2009, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

(c) Deferred income tax assets

Deferred income tax assets are recognised for all deductible temporary differences to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely level of future taxable profits together with future planning strategies.

(d) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or non-saleable are written off in the period in which they are identified.

		Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
NOTE 5. OTHER INCOME / INSURANCE CLAIM			
Rental revenue	$	890,036	623,141
Gain on disposal of non current asset held for sale and plant and equipment		199,918	35,870
Dividends – non related entity		12,000	6,000
Commission		8,243	5,831
Total other income		1,110,197	670,842
Insurance claim received for loss of profits in prior years		-	711,761
NOTE 6. FINANCE COSTS			
Bank and loan administration charges		155,146	107,477
Interest expense		575,471	339,814
		730,617	447,291
NOTE 7. PROFIT BEFORE INCOME TAX EXPENSE			
Profit before income tax expense has been arrived at after charging the following expenses:			
Auditors' remuneration for:			
-Audit fees		32,000	32,000
-Review of interim financial statements		12,000	-
-Other services		4,500	4,500
Directors fees		30,000	3,000
Management fees		2,640,868	1,937,167
Depreciation of property, plant and equipment		912,235	669,171
Depreciation of investment property		36,748	-
Depreciation on non current asset held for sale		-	6,483
Operating lease rental expenses		580,084	455,945
Allowance for doubtful debts		54,937	1,500
Unrealised exchange loss		20,856	-
Personnel costs:			
Salary, wages, and TPAF levy		4,137,810	3,189,206
FNPF	$	325,143	239,474

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 8. INCOME TAX

(a) Income Tax Expense

		Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
The prima facie tax payable on profit is reconciled to the income tax expense as follows:			
Profit before income tax	$	7,964,918	6,175,283
Prima facie tax thereon at 31%		2,469,124	1,914,338
Tax effect of permanent differences:			
Non-deductible expenses		96,597	39,953
Non-taxable income – capital gain on sale of property		(114,824)	-
Non-taxable income – dividend income		(3,720)	(1,860)
Income tax deductions and concessions		(66,210)	(55,470)
Under provision for income tax in prior year		1,110	-
Effect on deferred tax balances due to the change in income tax rate from 31% to 29%		(105,013)	-
Income tax expense attributable to profit		2,277,064	1,896,961
Income tax expense comprises movements in:			
Current tax liabilities		1,953,229	1,827,605
Deferred tax liabilities		344,346	69,164
Deferred tax assets		(20,511)	192
		2,277,064	1,896,961

		30 June 2009	31 March 2008
(b) Current Income Tax Liabilities			
Balance at the beginning of the period		1,128,624	1,136,546
Income tax paid		(1,878,712)	(1,835,527)
Under provision of income tax in prior year		1,110	-
Income tax liability for the current period		1,952,119	1,827,605
Balance at the end of the period		1,203,141	1,128,624
(c) Deferred Income Tax Assets			
Deferred tax asset comprises the estimated future benefit at future income tax rate of the following items:			
Provision for employee entitlements		4,907	6,147
Allowance for doubtful debts		19,267	3,565
Unrealised exchange loss		6,049	-
		30,223	9,712
(d) Deferred Income Tax Liabilities			
Provision for deferred tax liabilities comprises the estimated expense at future income tax rates of the following item:			
Difference in depreciation for accounting and income tax purposes	$	1,552,904	1,208,558

NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 9. TRADE AND OTHER RECEIVABLES

		30 June 2009	31 March 2008
Current			
Trade receivables	$	1,590,365	1,022,337
Allowance for doubtful debts		(66,437)	(11,500)
		1,523,928	1,010,837
Insurance claim receivable		-	56,135
Deposits		174,699	111,363
Prepayments		615,770	27,400
VAT receivable/ (payable)		49,753	(128,384)
		2,364,150	1,077,351

Trade receivables principally comprise amounts outstanding for sale of merchandise goods and rental properties. Trade receivables are non-interest bearing and are generally settled on 30 – 60 days terms.

NOTE 10. INVENTORIES

	30 June 2009	31 March 2008
Finished goods	9,123,120	8,205,614
Goods in transit	1,187,521	260,220
Total inventories, net	10,310,641	8,465,834

Finished goods are generally stated at cost. However, certain obsolete and slow moving inventories are stated at estimated net realisable values

NOTE 11. NON CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	30 June 2009	31 March 2008
Land and building classified as held for sale	-	750,544

During the period the above land and building was disposed off for a total consideration of $950,000(VEP). The gain on this disposal has been shown under other income (note 5).

NOTE 12. FINANCIAL ASSETS – AVAILABLE-FOR-SALE INVESTMENTS

		30 June 2009	31 March 2008
Non-Current			
Securities not quoted on stock exchange	$	7,104	7,104

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at deemed cost	Leasehold land at deemed cost	Buildings at deemed cost	Office equipment at cost	Motor vehicles at cost	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance at 1 April 2007	3,170,000	2,056,199	13,837,095	2,046,657	870,295	21,980,246
Additions	4,101,606	-	2,384,132	347,991	141,348	6,975,077
Disposals	-	-	-	-	(233,859)	(233,859)
Balance at 1 April 2008	7,271,606	2,056,199	16,221,227	2,394,648	777,784	28,721,464
Additions	891,741	-	5,642,369	986,464	108,745	7,629,319
Transferred to investment property	(2,169,211)	-	(4,738,148)	-	-	(6,907,359)
Disposals	-	-	-	-	(13,333)	(13,333)
Balance at 30 June 2009	5,994,136	2,056,199	17,125,448	3,381,112	873,196	29,430,091
Accumulated depreciation/ amortisation and impairment						
Balance at 1 April 2007	-	220,490	1,117,324	962,949	535,473	2,836,236
Depreciation expense	-	35,701	190,640	340,775	102,055	669,171
Disposals	-	-	-	-	(193,730)	(193,730)
Balance at 1 April 2008	-	256,191	1,307,964	1,303,724	443,798	3,311,677
Depreciation expense	-	44,627	309,714	461,533	133,109	948,983
Transferred to investment property	-	-	(36,748)	-	-	(36,748)
Disposals	-	-	-	-	(9,800)	(9,800)
Balance at 30 June 2009	-	300,818	1,580,930	1,765,257	567,107	4,214,112
Net book value						
As at 30 June 2009	5,994,136	1,755,381	15,544,518	1,615,855	306,089	25,215,979
As at 31 March 2008	7,271,606	1,800,008	14,913,263	1,090,924	333,986	25,409,787

In prior years, land and buildings were revalued by the directors based on independent valuation. Upon adoption of IFRS (effectively from, April 2006), the company had elected the option provided under IFRS 1 to apply the cost model (deemed cost) for land and buildings previously revalued, and accordingly, the cost value of land and buildings include revaluation increments amounting to $3,251,770.

During the period, borrowing costs of $288,786 were capitalised to freehold buildings and investment property.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 14. INVESTMENT PROPERTY

		30 June 2009	31 March 2008
Freehold land – at cost	$	2,169,211	-
Building – at cost		4,738,148	-
Less: accumulated depreciation		(36,748)	-
Balance at end of financial period		6,870,611	-

During the period, no valuation was carried out on the above investment property to assess its fair value, as the directors' believe that the fair value of the property would not be significantly different to the carrying amount in books since the construction of the commercial complex was completed during the period.

In accordance with the security arrangements for borrowings from banks, investment properties have been pledged to banks as security.

NOTE 15. TRADE AND OTHER PAYABLES

Trade and other payables	6,575,690	6,382,008
Dividends payable	908,732	3,004,644
	7,484,422	9,386,652

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 – 60 days term.

NOTE 16. INTEREST BEARING BORROWINGS

Current - secured

Bank overdrafts	6,794,959	5,943,539
Bank Loan – ANZ Banking Group Limited	946,000	500,000
Total current secured borrowings	7,740,959	6,443,539

Non-Current - secured

Bank Loan – ANZ Banking Group Limited	9,934,000	2,158,823
Total non-current secured borrowings	9,934,000	2,158,823

Particulars relating to secured borrowings:

(a) The bank overdraft facility and bank loan (together with letter of credit and guarantee facilities) from ANZ Banking Group Limited is secured by:

i) First registered mortgage debenture given by the company over all its present and future assets and undertakings including its uncalled and unpaid capital. Stamped to $20million.

ii) A Deed of Pari Passu between the bank and Westpac Banking Corporation, regarding sharing of securities in the ratio 50/50 with maximum debt of $6 million each.

iii) First registered mortgage over property (CT No. 23400) situated at Ratu Dovi Road, Laucala Beach Estate.

iv) First registered mortgage over property (CT No. 7082) situated at Martintar, Nadi.

iv) First registered mortgage over property (CT No. 34330) situated at Tavewa Avenue, Lautoka.

v) First registered mortgage over property (CL No. 53120) situated at Tavewa Avenue, Lautoka.

(b) The bank overdraft facility (together with letter of credit and guarantee facilities) from Westpac Banking Corporation is secured by:

i) Registered equitable mortgage debenture given by the company over all its assets and undertakings including its uncalled and unpaid capital.

ii) A Deed of Pari Passu between the bank and ANZ Banking Group Limited, regarding sharing of securities in the ratio 50/50 with maximum debt of $6 million each.

iii) Registered First all monies mortgage over property (CT No. 4411) situated at Waimanu Road, Suva.

iv) Registered First all monies mortgage over property (NL No. 15761) situated at Labasa.

NOTE 17. PROVISIONS

Employee benefits	16,920	19,826

NOTE 18. DEPOSITS

Deposits from tenants	$	89,057	29,593

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 19. SHARE CAPITAL

Authorised capital			
100,000,000 ordinary shares of $0.50 each	$	50,000,000	50,000,000
Issued and paid up capital			
30,000,000 ordinary shares of $0.50 each		15,000,000	15,000,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There has been no movement in share capital during the period.

NOTE 20. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
Earnings as per income statement	5,687,854	4,278,322
Weighted average number of ordinary shares for the purposes of basic earnings per share	30,000,000	30,000,000
Basic and diluted earnings per share	19.0	14.3

NOTE 21. DIVIDENDS

Interim dividend - 11 cents per share (2008: 4 cents)	3,300,000	1,200,000
Final interim dividend - 3 cents per share (2008: 10 cents)	900,000	3,000,000
	4,200,000	4,200,000
Dividends per share	14 cents	14 cents

NOTE 22. COMMITMENTS

	30 June 2009	31 March 2008
(a) Capital Expenditure Commitments		
- Approved by the board and committed	129,944	5,238,385
- Approved by the board and not committed	394,289	-
	524,233	5,238,385

Capital expenditure commitment relates to property landfill and replacement of certain supermarket equipment.

(b) Operating Lease Expenses

Operating lease expenses relate to rental payments for building spaces used at certain branches.

Non-cancellable operating lease payables

Not longer than 1 year	253,758	367,884
Longer than 1 year and not longer than 5 years	483,776	407,880
Longer than 5 years	662,100	785,812
	1,399,634	1,561,576

(c) Management Fees

The management fee is payable to R B Patel & Co.,pursuant to Management Agreement dated 10 June 1999 and is for a period of 15 years effective from 1 April 1999 with option to renew for another 15 years. The basis for computation of management fee has been disclosed under note 24 (d).

(d) Operating Lease Income

Operating lease income relates to rental income from building spaces rented out.

Non-cancellable operating lease receivables	30 June 2009	31 March 2008
Not later than one year	1,303,416	613,261
Later than one but not later than two years	864,627	106,800
Later than two years but not later than five years	2,017,350	320,400
Later than five years	1,906,852	1,415,100
Total future rental income	6,092,245	2,455,561

NOTE 23. CONTINGENCIES

Contingent Liabilities

Letters of credit		752,428	752,447
Indemnity guarantees		147,575	94,719
	$	900,003	847,166

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 24. RELATED PARTY DISCLOSURES

(a) Holding Company and Ultimate Holding Company

The holding company is FHL Retailing Limited, a company incorporated in Fiji.

The ultimate holding company is Fijian Holdings Limited.

(b) Directors

The names of persons who were directors of the company at any time during the period are as follows:

Isoa Kaloumaira	Surendra K Patel	Sereana Qoro	Ambalal Patel
Isiromi Bayameyame	Darshan Patel	Prasann Patel	Josaia B Mar
Jaoji Koroi	Jainthilal Patel	Ashif Razak	
Padam Raj Lala	Jayesh Patel	Sitiveni Waleilakeba	

(c) Key Management Personnel Equity Holdings

Fully paid ordinary shares of R B Patel Group Limited

	Balance@ 30/06/09 No.	Balance@ 31/03/08 No.
Indirect interest in the share capital of the company by the specified directors		
Jainthilal Patel (resigned: 15 April 2008)	-	4,983,500
Ambalal Patel (resigned: 15 April 2008)	-	4,733,000
Surendra K Patel	-	5,329,950
Direct interest in the share capital of the company by the specified director		
Isiromi Bayameyame	1,538	1,538

(d) Management Fees

Management fee of $2,640,868 was paid to a firm related to certain executive directors (R B Patel & Co). The management fee is payable pursuant to Management Agreement dated 10 June 1999 and is for a period of 15 years effective from 1 April 1999 with option to renew for another 15 years.

The Management Agreement provide for management fees based on turnover of the company and incentive fees which is based on the level of profit before income tax.

(e) Directors Fees

Directors fees of $30,000 was paid to the non-executive directors during the period.

(f) Key Management Personnel Remuneration:

	Executives 2009 ($)	2008 ($)
Salary, fees, superannuation and other benefits	497,359	245,400
Bonus	4,390	20,000
Others	30,073	7,200
Total	531,822	272,600

NOTE 25. SIGNIFICANT EVENTS DURING THE PERIOD

(a) On 14th April 2008, the partial takeover of the company by FHL Retailing Limited was completed. Accordingly, FHL Retailing Limited acquired 15,060,000(50.2%) equity shares of the company for a total consideration of $21,084,000. Thereafter the company became a subsidiary of FHL Retailing Limited. As a result of this, the company changed its financial reporting date from 31 March to 30 June in order to be in line with the financial reporting date of the parent entity.

(b) On 15 April 2009, the Fiji dollar was devalued by 20% by the Reserve Bank of Fiji. The financial effect of this event, which has occurred during the financial period, has been incorporated in the financial statements for the period ended 30 June 2009.

(c) On 23 June 2009, Fiji Independent Commission Against Corruption (FICAC) served a search warrant on the company and has taken certain documents. The company has not been communicated of any outcome of this search.

(d) Fiji Islands Revenue and Customs Authority has indicated to conduct, as part of their integrated tax audits, an audit of the tax affairs of the company.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE FIFTEEN MONTH PERIOD ENDED 30 JUNE 2009

NOTE 26. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 27. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

		30 June 2009	31 March 2008
Cash on hand at bank	$	154,176	98,910
Bank overdraft		(6,794,959)	(5,943,539)
		(6,640,783)	(5,844,629)

(b) Financing Facilities

Fully committed bank overdraft financing facilities available to the company at period end were as follows:

• Bank overdraft – utilized	6,794,959	5,943,539
• Bank overdraft – unutilized	3,407,041	3,608,461
	10,202,000	9,552,000

Fully committed secured bank loan financing facilities available to the company at period end were as follows:

• Amount used	10,880,000	2,658,823
• Amount unused	-	8,341,177
	10,880,000	11,000,000

(c) Reconciliation of Net Cash provided by Operating Activities to Profit after Income Tax		Fifteen months ended 30 June 2009	Twelve months ended 31 March 2008
Profit after income tax expense		5,687,854	4,278,322
Adjustments for:			
Dividends received		(12,000)	(6,000)
Depreciation on property, plant and equipment		912,235	675,654
Depreciation on investment property		36,748	-
Gain on sale of non current asset held for sale and plant and equipment		(199,918)	(35,870)
Allowance for doubtful debts		54,937	1,500
Provision for employee entitlements		(2,906)	(2,120)
Changes in assets and liabilities:			
(Increase) / decrease in trade and other receivables		(1,341,736)	(108,281)
(Increase) / decrease in inventories		(657,286)	(1,345,310)
(Increase) / decrease in deferred tax assets		(20,511)	192
Increase / (decrease) in trade and other payables		(1,521,648)	(423,391)
Increase / (decrease) in other liabilities		59,464	(4,498)
Increase / (decrease) in current tax payable		74,517	(7,921)
Increase / (decrease) in deferred tax liabilities		344,346	69,164
Net cash provided by operating activities	$	3,414,096	3,091,441

NOTE 28. COMPANY DETAILS

Company Incorporation

The company is incorporated in Fiji under the Companies Act, 1983. The company is listed on the South Pacific Stock Exchange.

Registered Office and Principal Place of Business

The registered office and principal place of business of the company is located at R B Patel Centre Point Building, Ratu Dovi Road, Laucala Beach Estate, Suva.

Number of Employees

As at balance date, total of 444 employees were employed by the company.

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS

1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 30 June 2009:

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Isiromi Bayameyame	1,538	-

2. Distribution of share holding:

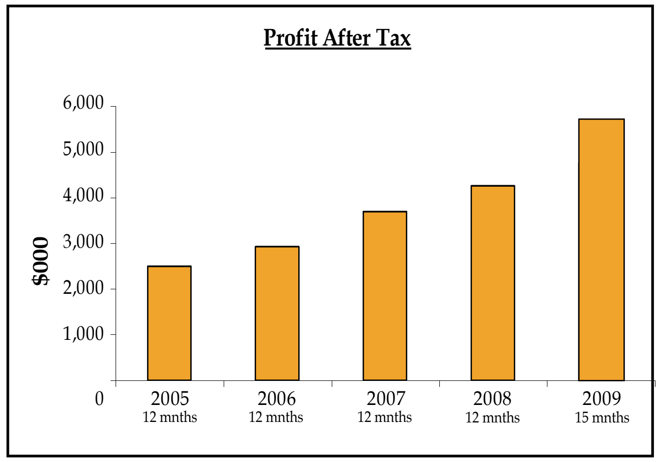
Holding	No. of Holders	Total % Holding
Less than 500 shares	8	0.01
500 to 5,000 shares	167	1.26
5,001 to 10,000 shares	33	0.90
10,001 to 20,000 shares	16	0.74
20,001 to 30,000 shares	9	0.79
30,001 to 40,000 shares	4	0.47
40,001 to 50,000 shares	3	0.50
50,001 to 100,000 shares	3	0.85
100,001 to 1,000,000 shares	12	15.61
Over 1,000,000 shares	5	78.87
Total	**260**	**100%**

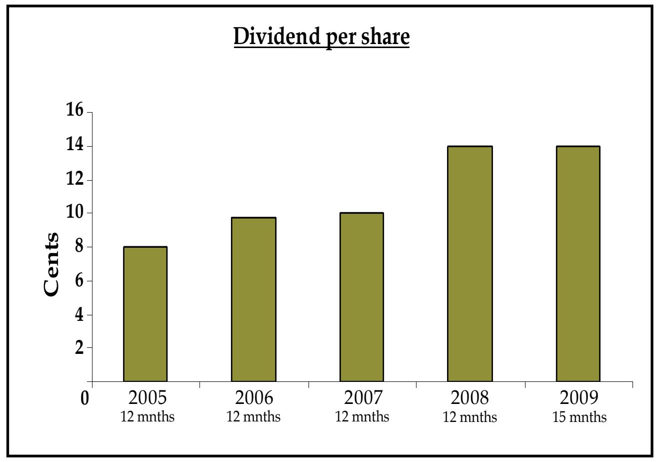
3. Share Register

R B Patel Group Limited
R B Patel CentrePoint Building
Ratu Dovi Road
Laucala Beach Estate
SUVA

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS

	15 months ended 30 June 2009	12 months ended 30 June 2009*	2008	12 months ended 31 March 2007	2006	2005
	$	$	$	$	$	$
Revenue – Sales and Other Income	102,994,347	83,947,975	76,665,062	72,304,508	69,506,070	66,908,052
Profit before Depreciation, Amortisation of Goodwill and Tax	8,913,901	7,389,070	6,850,937	5,984,839	5,264,823	4,539,209
Depreciation	948,983	787,241	675,654	581,657	587,276	515,410
Amortisation of Goodwill	-	-	-	-	276,000	276,000
Income Tax Expense	2,277,064	1,837,977	1,896,961	1,696,062	1,454,835	1,245,089
Profit after Tax	5,687,854	4,763,852	4,278,322	3,707,120	2,946,712	2,502,710
Dividends Per Share	0.1400	0.1400	0.1400	0.1000	0.0975	0.0800
Total Non-Current Assets	32,123,917	32,123,917	25,426,603	20,018,050	23,631,392	19,577,036
Total Assets	44,952,884	44,952,884	35,819,242	27,974,139	32,052,105	26,965,920
Net Asset backing per Share	0.5644	0.5644	0.5148	0.5122	0.6288	0.5085
Shareholders' Funds	16,931,481	16,931,481	15,443,627	15,365,305	18,862,517	15,255,014





*For the purpoe of comparison, results for 12 months ended 30th June 2009 (covering the peroid from 1st July 2008 to 30th June 2009) have been presented. The results for the three months peroid 1st April 2008 to 30th June 2008, which are based on independently reviewed interim financial statements, have been eliminated from the results for the 15 months ended 30th June 2009.

PATEL

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