

Toyota Tsusho (South Sea) Limited

Annual report - 31 March 2008

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Directors

Hiroyoshi Yoshikawa (Chairman)
Shigeru Ito
Alan Tatt Huat Tan
Teresa Julia Apted
Ian Thomas Mclean
Mitsuyoshi Okutsu

Secretary Joseph Mow

Notice of annual general meeting The 88th annual general meeting of the shareholders of Toyota Tsusho (South Sea) Limited

Will be held at The Regional Training Centre,
Asco Motors,
Ratu Mara Road, Nabua

Time 12.30pm

Date 12th June 2008

Principal registered office in Fiji Ratu Mara Road, Nabua
Suva, Fiji

Auditor PricewaterhouseCoopers
Chartered Accountants
Suva
Fiji

COMPANY PROFILE

Burns Philip & 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 Philip 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 Philip'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 Toyota Tsusho (South Seas) Pty Ltd were challenging in the 2007/08 fiscal period. Consolidated revenues decreased by 5.2% to FJD\$96,960,000 and resulted in a decline in Net Profit After Tax of 55.2% to FJD\$1,237,426.

Fiji, the major market, experienced a significant softening in conditions, with the new vehicle market declining by 17.1% due to economic uncertainty resulting from the country operating under an interim government after the December 2006 military coup. This contributed in a decline in Net Profit After Tax of 21.6% to FJD\$1,259,313. The Avis operation in Fiji was also affected by the downturn in Fiji's tourism industry contributing to its lower result in 2007/08.

The operation in Samoa had a strong start to the year as the country enjoyed considerable prosperity in the lead up to the South Pacific games. However this was dampened in the post SPG period due to the government's decision to convert the country to Right Hand Drive vehicle control. This had a dramatic affect on the new vehicle market in the second half of the year and contributed to the profit decline of 85% to FJD\$151,000. An impairment provision of approximately FJD\$830,000 was taken against the Samoan result to reflect the predicted cost to the operation of the impact of the change to Right Hand Drive vehicle control.

The results from American Samoa showed a 49.6% increase in Net Profit after Tax to FJD\$205,000, and are encouraging for the future. This result was bolstered by the first full year impact of the Avis rental car franchise which has complemented the operation well.

The results from the Tongan operation remained flat when compared to the previous year with a Net Profit After Tax of FJD\$11,000.

All businesses traded profitably albeit at a reduced level. As is often the case in the South Pacific, changing political and economic conditions as well as the ever-present risk of natural disaster, create an ever-changing business environment. Political and economic issues in the two biggest markets, Fiji and Samoa framed the result.

Dividend

Directors have declared two interim ordinary dividends during the year, each of 2.5cents per share. The dividends were paid in November 2007 and April 2008 respectively.

Staff

Staff numbers remained relatively static on a consolidated basis and only increased by 10 persons to 386 at years end.

Corporate Social Responsibility

The company was active through the year with considerable focus on CSR projects. In Samoa a significant commitment to the South Pacific Games helped the country host this major sporting event. Many other donations were made to worthy causes in all countries. This will be an area of considerable focus in the future.

Outlook

In the major market of Fiji, signs of economic recovery are already being seen with the new vehicle market experiencing some growth in early 2008 when compared to 2007. In the lead up to the 2009 general election, this growth is expected to continue and is forecast to deliver an improved result at the conclusion of the 2008/09 fiscal period.

The outlook for Samoa will remain uncertain. The government has passed legislation allowing the importation of Right Hand Drive vehicles from February 2008, and the immediate prohibition of the importation of Left Hand Drive vehicles. A date has still not been determined for the actual switchover of the road driving side, and this contributes to the uncertainty. Some customers are deferring their vehicle purchase decisions until the switchover date is confirmed. The Samoan operation has plans for the disposal of existing LHD stocks, and is well advanced in planning the inventory required to meet the new Right Hand Drive demand.

The outlook for American Samoa should see some improvement in its results over this year.

(continued)

Also the outlook for Tonga is quite positive due to recent import duty changes, which favour the importation of new vehicles, this, coupled with some structural changes to the business are expected to deliver improved results in 2008/09.

Overall, we are predicting improved trading conditions in 2008/09 for Toyota Tsusho (South Sea) Ltd.

A handwritten signature in black ink, appearing to read 'H. Yoshikawa', written in a cursive style.

H. Yoshikawa, Chairman

28 May 2008.

Directors' report

The directors present their report for the year ended 31 March 2008, together with the financial statements of the parent entity and its subsidiaries for the year ended 31 March 2008.

Directors

The names of the Directors at any time during the year and up to the date of this report are:

Hiroyoshi Yoshikawa (Chairman)
Alan Tatt Huat Tan
Teresa Julia Apted
Mitsuyoshi Okutsu
Ian Thomas Mclean
Shigeru Ito

Reserves

The directors recommend that no amounts be transferred to reserves in respect of the year ended 31 March 2007.

Principal activities

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

Dividends

The directors declared a 2nd interim dividend of \$350,805 during the year.

Results

The consolidated net profit of the group for the year after income tax expense was \$1,237,426 (2007: \$2,762,231).

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

	2008 \$'000	2007 \$'000
Toyota Tsusho (South Sea) Limited	1,259	1,606
Subsidiaries (Note 33)	<u>(22)</u>	<u>1,156</u>
	<u><u>1,237</u></u>	<u><u>2,762</u></u>

Other matters

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

(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 is a member or a company in which he has a substantial financial interest.

Signed at Suva the 28th day of May 2008 in accordance with a resolution of the Directors.



Hiroyoshi Yoshikawa
Chairman



Ian Thomas Mclean
Director

Toyota Tsusho (South Sea) Limited
Income statements
for the year ended 31 March 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	6	95,919	101,144	63,249	65,125
Cost of sales		<u>(78,225)</u>	<u>(82,053)</u>	<u>(51,240)</u>	<u>(52,096)</u>
Gross profit		17,694	19,091	12,009	13,029
Selling and distribution expenses		(1,252)	(1,035)	(911)	(732)
Administrative and other expenses		<u>(15,550)</u>	<u>(15,616)</u>	<u>(9,952)</u>	<u>(10,694)</u>
Other income	7	1,015	1,215	690	446
Operating profit		1,907	3,655	1,836	2,049
Finance cost	8	<u>(3)</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>
Profit before income tax		1,904	3,648	1,836	2,042
Income tax expense	11	<u>(667)</u>	<u>(886)</u>	<u>(577)</u>	<u>(436)</u>
Profit for the year		<u>1,237</u>	<u>2,762</u>	<u>1,259</u>	<u>1,606</u>
Profit attributable to members of Toyota Tsusho (South Sea) Limited		<u>1,237</u>	<u>2,762</u>	<u>1,259</u>	<u>1,606</u>
Basic and diluted earnings per share	31	\$ 0.09	\$ 0.20		

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

Toyota Tsusho (South Sea) Limited
Balance sheets
As at 31 March 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	6,054	6,382	1,941	2,690
Receivables	13	6,955	6,149	4,694	3,697
Inventories	14	16,655	18,241	11,566	12,592
Other current assets	15	1,763	574	1,692	516
		<u>31,427</u>	<u>31,346</u>	<u>19,893</u>	<u>19,495</u>
Non-current assets held for sale	16	175	175	175	175
<i>Total current assets</i>		<u>31,602</u>	<u>31,521</u>	<u>20,068</u>	<u>19,670</u>
Non-current assets					
Receivables	17	323	295	327	297
Other financial assets	18	-	-	1,910	1,910
Property, plant and equipment	19	10,326	11,149	7,538	7,924
Deferred tax assets		1,248	864	871	699
Other non-current assets	20	2,482	3,195	2,363	2,999
<i>Total non-current assets</i>		<u>14,379</u>	<u>15,503</u>	<u>13,009</u>	<u>13,829</u>
Total assets		<u>45,981</u>	<u>47,024</u>	<u>33,077</u>	<u>33,499</u>
LIABILITIES					
Current liabilities					
Payables	21	5,351	5,989	4,860	5,782
Tax liabilities		724	811	582	327
Provisions	22	1,480	1,011	846	964
Other current liabilities	23	3,458	2,894	3,718	2,529
<i>Total current liabilities</i>		<u>11,013</u>	<u>10,705</u>	<u>10,006</u>	<u>9,602</u>
Non-current liabilities					
Deferred tax liabilities		30	47	-	-
Other non-current liabilities	24	5,586	6,780	4,730	6,113
<i>Total non-current liabilities</i>		<u>5,616</u>	<u>6,827</u>	<u>4,730</u>	<u>6,113</u>
Total liabilities		<u>16,629</u>	<u>17,532</u>	<u>14,736</u>	<u>15,715</u>
Net assets		<u>29,352</u>	<u>29,492</u>	<u>18,341</u>	<u>17,784</u>
EQUITY					
Contributed equity	29	14,032	14,032	14,032	14,032
Reserves	32(a)	(1,182)	(506)	451	451
Retained profits	32(b)	16,502	15,966	3,858	3,301
Total parent entity interest		<u>29,352</u>	<u>29,492</u>	<u>18,341</u>	<u>17,784</u>
Total equity		<u>29,352</u>	<u>29,492</u>	<u>18,341</u>	<u>17,784</u>

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

Toyota Tsusho (South Sea) Limited
Cash Flow Statements
for the year ended 31 March 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Cash receipts in the course of the business		95,298	101,421	61,872	64,893
Cash payments in the course of the business		(89,081)	(96,177)	(58,264)	(60,288)
Cash generated from operations	25	6,217	5,244	3,608	4,605
Income tax paid		(1,161)	(1,051)	(498)	(839)
Interest paid		(3)	(7)	-	(7)
Net cash inflow from operating activities		5,053	4,186	3,110	3,759
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		829	692	745	684
Payments for property, plant and equipment		(4,328)	(5,754)	(3,641)	(4,533)
Dividends received		-	-	388	-
Interest received		233	198	43	29
Net cash outflow from investing activities		(3,266)	(4,864)	(2,465)	(3,820)
Cash flows from financing activities					
Proceeds from borrowings		-	325	-	920
Dividends paid to outside equity interests		(280)	(1,754)	(842)	(1,754)
Loans to related companies		(1,835)	-	(552)	-
Net cash outflow from financing activities		(2,115)	(1,429)	(1,394)	(834)
Net decrease in cash held		(328)	(2,107)	(749)	(895)
Cash at the beginning of the financial period		6,382	8,489	2,690	3,585
Cash and cash equivalents at end of year	12	6,054	6,382	1,941	2,690

The above cash flow statements 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 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total equity at the beginning of the financial year		<u>29,492</u>	28,254	<u>17,784</u>	17,020
Profit for the year		<u>1,237</u>	2,762	<u>1,259</u>	1,606
Dividends provided for or paid	30	<u>(702)</u>	(842)	<u>(702)</u>	(842)
Movement in Foreign Currency translation reserve		<u>(675)</u>	(682)	-	-
Total equity at the end of the financial year		<u><u>29,352</u></u>	<u>29,492</u>	<u><u>18,341</u></u>	<u>17,784</u>

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”) deals 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.

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 28 May, 2008.

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.

(i) Application of IFRS 1 First- time Adoption of International Financial Reporting Standards

These are the first financial statements of the company to be prepared in accordance with IFRS. IFRS 1 First- time Adoption of International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the company until 31 March 2007 had been prepared in accordance with Fiji Accounting Standards (FAS). FAS differs in certain respects from IFRS. When preparing the financial statements of the group under FAS, management had early adopted IFRS 5; Non- current Assets Held for Sale and Discontinued Operations and IAS 16- Property, Plant and Equipment in 2006. The effects of the early adoption of those standards were as follows:

- under IFRS 5, land held by the parent entity was reclassified to a separate line termed “non-current assets held for sale” and depreciation charged thereon ceased; and
- under IAS 16, the group adopted the historical cost model and this resulted in the extinguishing of all asset revaluation reserves from the group’s balance sheet.

On the adoption of IFRS no transition adjustments are required in this year’s financial statements.

(ii) Standards effective from 2007 and adopted by the group

IFRS 7; Financial instruments: Disclosures, and the complementary amendment to IAS 1; Presentation of financial statements - Capital disclosures, introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group’s financial instruments, or the disclosures relating to taxation and trade and other payables.

2 Summary of significant accounting policies (continued)

(iii) Standards and interpretations effective prior to 2007 but not relevant to the group's operations

The following standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the group's operations:

Standards

- IAS 11; Construction contracts
- IAS 26; Accounting and reporting of retirement benefit plans
- IAS 28; Investments in associates
- IAS 29; Financial reporting in hyper-inflationary economies
- IAS 30; Disclosures in the financial statements of banks and similar financial institutions
- IAS 31; Interest in joint-ventures
- IAS 34; Interim financial reporting
- IAS 40; Investment property
- IAS 41; Agriculture
- IFRS 2; Share-based payments
- IFRS 4; Insurance contracts
- IFRS 6; Exploration for and evaluation of mineral resources

Interpretations

- IFRIC 1; Changes in existing decommission, restoration and similar liabilities.
- IFRIC 2; Members' shares in co-operatives entities and similar instruments.
- IFRIC 5; Rights to interest arising from decommissioning, restoration and environmental funds.
- IFRIC 6; Liabilities arising from participating in specific markets – waste electrical and electronic equipment.
- IFRIC 7; Applying the restatement approach under IAS 29; financial reporting in hyper-inflationary economies.
- IFRIC 8; Scope of IFRS 2.
- IFRIC 9; Reassessment of embedded derivatives.
- IFRIC 10; Interim reporting and impairment.
- IFRIC 11; Group and treasury share transactions.

(iv) Standards that are not yet effective, relevant to the group but not early adopted in 2007

The following standard has been published and is mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods, but has not been early adopted.

- IFRS 8; Operating segments (effective from 1 January 2009) replaces IAS 14; Segment reporting. The new 'management approach', under which segment information is presented will be on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears that the number of reportable segments, as well as the manner in which the segments are reported, will be in a manner consistent with the internal reporting provided to the chief operating decision-maker.

(v) Interpretations to existing standards that are not effective and are not relevant to the group's operations

The following interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant to the group's operations:

- IFRIC 12; Service concession agreements.
- IFRIC 13; Customer loyalty programs.
- IFRIC 14; Limit on a defined benefit asset, minimum funding and their interaction.

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 2008 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 returns 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.

The group will implement IFRS 8; Operating segments, from 2009.

(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%

(f) Non-current assets held for sale

Non-current assets held for sale are stated at cost.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. Gains are not recognised at the date of the sale of the non-current asset but is recognised at the date of derecognition.

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.

(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 is depreciated over the shorter of the asset's useful life and the lease term.

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor 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, have been transferred and the group has transferred 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 rights 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.

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

(ii) Term trade 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 are carried in the Balance Sheet at cost. For the purposes of the cash flow statement, cash and cash equivalent assets comprise, cash on hand, in bank and deposits at call which are readily convertible, to cash on hand net of outstanding bank overdrafts.

(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.

2 Summary of significant accounting policies (continued)

(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.

(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. The company did not hold any borrowings in line with its capital risk management policy, refer note 3(e).

(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 is 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 or 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 in 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 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 sale and buy-back conditions

(i) Sale and buy-back assets

Cost base of vehicles relative to guaranteed buy-back conditions

- (a) Costs relating to buy-back contracts expiring in the next financial year are disclosed as current assets (notes 15 and 28), and the remainder are disclosed as non-current assets (notes 20 and 28).

(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 23 and 28), and the remainder are disclosed as non-current liabilities (notes 24 and 28).

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

Amounts to be recognised as revenue in the next financial year are disclosed as current liabilities (note 23), and the remainder are disclosed as non-current liabilities (note 24).

- (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 24), 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 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.

(ii) Amendments to duty and tax regulations

Unfavourable changes to duty and tax regulations may expose the group to a decline in revenues. To minimise this risk, the group implements appropriate sales strategies to ensure that products and prices remain attractive.

(iii) Political climate

The group operates in four pacific island countries and changes to governments and the policies they implement affect the economic situation and ultimately the revenues of the group. To address this, the group reviews its pricing and product range regularly and responds appropriately.

(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 information also applies to the parent entity.

	31st March 2008		31st March 2007	
	Credit Limit	Balance	Credit Limit	Balance
Counterparty A	200,000	104,415	200,000	82,409
Counterparty B	100,000	94,866	100,000	104,629
Counterparty C	60,000	55,039	60,000	44,131
Counterparty D	20,000	13,237	20,000	9,797
Counterparty E	40,000	12,688	40,000	12,073
	420,000	280,245	420,000	253,039

No credit limits were exceeded during the reporting period and management does not expect any losses from the non-performance by any of the above counterparties.

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 31st March 2008 is as follows;

	Consolidated		Parent	
	2008	2009-2012	2008	2009-2012
	\$'000	\$'000	\$'000	\$'000
Opening balance for the period	6,382	6,054	2,690	1,941
Operating proceeds	95,298	293,394	61,872	190,116
Operating cash outflows	(90,540)	(271,620)	(58,762)	(176,286)
Cash outflow for investments	(4,032)	(12,096)	(3,641)	(10,923)
Proceeds from sale of investments	1,062	3,186	1,176	3,528
Payments of debts and dividends	(2,116)	(6,348)	(1,394)	(4,182)
Closing balance for the period	<u>6,054</u>	<u>12,570</u>	<u>1,941</u>	<u>4,194</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.

At 31 March 2008				
Consolidated	Less than	Between 1	Between 2	Over 5
	1 year	and 2 years	and 5 years	Years
Trade and Other Payables	<u>3,978</u>	<u>1,373</u>	<u>-</u>	<u>-</u>
At 31 March 2008				
Parent	Less than	Between 1	Between 2	Over 5
	1 year	and 2 years	and 5 years	Years
Trade and Other Payables	<u>1,964</u>	<u>2,896</u>	<u>-</u>	<u>-</u>
At 31 March 2007				
Consolidated	Less than	Between 1	Between 2	Over 5
	1 year	and 2 years	and 5 years	Years
Trade and Other Payables	<u>4,136</u>	<u>1,855</u>	<u>-</u>	<u>-</u>
At 31 March 2007				
Parent	Less than	Between 1	Between 2	Over 5
	1 year	and 2 years	and 5 years	Years
Trade and Other Payables	<u>2,497</u>	<u>3,284</u>	<u>-</u>	<u>-</u>

(d) Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets and borrowings, its income and operating cash flows are substantially independent of 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. As a matter of practice, borrowing facilities open to the group will be utilised only as a last resort.

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 are 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 policy

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

(a) Primary reporting - geographical segments

The geographical segments identified in the primary reporting disclosures are Fiji, American Samoa, Tonga and Samoa. The business segments identified in the secondary reporting disclosures are new vehicle, used vehicle, parts, tyres & batteries, service, panel and service stations. 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.

2008	Fiji	Samoa	A/Samoa	Tonga	Inter-Entity	Group
	\$'000	\$'000	\$'000	\$'000	Elimination	total
					\$'000	\$'000
Revenue from external customers	62,849	15,212	10,062	7,796	-	95,919
Intersegment revenue	400	-	-	-	(400)	-
Total segment revenue	<u>63,249</u>	<u>15,212</u>	<u>10,062</u>	<u>7,796</u>	<u>(400)</u>	<u>95,919</u>
Segment result	<u>1,836</u>	<u>194</u>	<u>250</u>	<u>12</u>	<u>(388)</u>	<u>1,904</u>
Profit / (loss) from ordinary activities before income tax	<u>1,836</u>	<u>194</u>	<u>250</u>	<u>12</u>	<u>(388)</u>	<u>1,904</u>
Income tax (expense) / benefit	(577)	(43)	(45)	(2)	-	(667)
Net profit / (loss)	<u>1,259</u>	<u>151</u>	<u>205</u>	<u>10</u>	<u>(388)</u>	<u>1,237</u>
Segment assets	<u>33,077</u>	<u>6,525</u>	<u>6,211</u>	<u>2,078</u>	<u>(1,910)</u>	<u>45,981</u>
Total assets	<u>33,077</u>	<u>6,525</u>	<u>6,211</u>	<u>2,078</u>	<u>(1,910)</u>	<u>45,981</u>
Segment liabilities	<u>14,736</u>	<u>1,383</u>	<u>670</u>	<u>1,194</u>	<u>(1,354)</u>	<u>16,629</u>
Total liabilities	<u>14,736</u>	<u>1,383</u>	<u>670</u>	<u>1,194</u>	<u>(1,354)</u>	<u>16,629</u>

Other Information

Acquisition of property, plant and equipment.	2,822	157	361	142	-	3,482
Depreciation expenses	3,355	409	390	72	-	4,225
Provision for obsolescence	50	810	63	60	-	383
Provision for doubtful debts	113	116	25	109	-	363

2007

2007	Fiji	Samoa	A/Samoa	Tonga	Inter-Entity	Group
	\$'000	\$'000	\$'000	\$'000	Elimination	total
					\$'000	\$'000
Revenue from external customers	65,174	18,359	8,948	8,712	(49)	101,144
Intersegment revenue	49	-	-	-	(49)	-
Total segment revenue	<u>65,125</u>	<u>18,359</u>	<u>8,948</u>	<u>8,712</u>	<u>-</u>	<u>101,144</u>
Segment result	<u>2,042</u>	<u>1,424</u>	<u>154</u>	<u>28</u>	<u>-</u>	<u>3,648</u>
Profit / (loss) from ordinary activities before income tax	<u>2,042</u>	<u>1,424</u>	<u>154</u>	<u>28</u>	<u>-</u>	<u>3,648</u>
Income tax (expense) / benefit	(436)	(417)	(17)	(16)	-	(886)
Profit / (loss) from ordinary activities before income tax	<u>1,606</u>	<u>1,007</u>	<u>137</u>	<u>12</u>	<u>-</u>	<u>2,762</u>
Segment assets	<u>33,499</u>	<u>7,441</u>	<u>6,375</u>	<u>1,619</u>	<u>(1,910)</u>	<u>47,024</u>
Total assets	<u>33,499</u>	<u>7,441</u>	<u>6,375</u>	<u>1,619</u>	<u>(1,910)</u>	<u>47,024</u>
Segment liabilities	<u>15,715</u>	<u>2,038</u>	<u>664</u>	<u>903</u>	<u>(1,788)</u>	<u>17,532</u>
Total liabilities	<u>15,715</u>	<u>2,038</u>	<u>664</u>	<u>903</u>	<u>(1,788)</u>	<u>17,532</u>

Other Information

Acquisition of property, plant and equipment.	4,532	646	421	124	-	5,723
Depreciation expenses	3,231	490	319	68	-	4,108

5 Segment information (continued)

(b) Secondary reporting - business segments

Under IAS 14, 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

	2008	2007
	\$'000	\$'000
New vehicles	46,919	51,731
Used vehicles	6,091	6,711
Parts	8,042	8,478
Tyres & batteries	5,980	5,652
Service	3,974	3,757
Panel	1,575	1,594
Fuel	12,166	12,268
Car rentals	4,060	4,146
Marine products	4,188	4,093
Sale and buy-back	<u>2,924</u>	<u>2,714</u>
	<u>95,919</u>	<u>101,144</u>

6 Revenue

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Operating revenue	88,935	94,283	57,018	58,754
Car rental income	4,060	4,146	3,609	4,028
Sale and buy- back revenue	2,924	2,715	2,622	2,343
	<u>95,919</u>	<u>101,144</u>	<u>63,249</u>	<u>65,125</u>

7 Other income

Rents and sub-lease rentals	85	112	-	-
Dividends	(26)	-	362	-
Gain/(loss) on sale of fixed assets	119	3	72	(6)
Other income	604	902	213	423
	<u>782</u>	<u>1,017</u>	<u>647</u>	<u>417</u>

Reclassifications during the year

During the year the group reclassified sale and buy-back revenue from other income to operating revenue. The extent of this reclassification amounted to \$2,342,786 for the parent and \$2,715,212 for the group. The reclassification arose out of the board's decision to include sale and buy-back revenues as part of its reporting on gross margins.

8 Finance income and cost

Interest expense	(3)	(7)	-	(7)
Finance income	233	198	43	29
Net finance income	<u>230</u>	<u>191</u>	<u>43</u>	<u>22</u>

Finance income and costs are currently earned or borne at market rates.

9 Profit before income tax

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit before income tax has been determined after:				
Charging as expenses				
Depreciation and amortisation of fixed assets	4,260	4,096	3,355	3,230
Employee emoluments and benefits expense	7,247	7,095	5,234	5,087
Auditors remuneration for audit services	100	103	61	59
Bad debts written off in respect of trade debts	113	365	101	365
Provisions made in respect of:				
Trade and term debts	239	376	9	136
Employee emoluments	93	116	45	41
Employee benefits (Long service leave)	5	6	5	6
Stock obsolescence	383	353	50	222
Sundry	199	84	198	65

Reclassifications during the year

During the year the group reclassified depreciation expense relating to sale and buy-back assets from administrative and other expenses to cost of sales. The extent of this reclassification amounted to \$4,565,189 for the parent and \$5,170,892 for the group. The reclassification arose out of the board's decision to include sale and buy-back expenses as part of its reporting on gross margins.

10 Employee emoluments and benefits

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Staff	6,829	6,667	4,816	4,659
Key management personnel (note 34(c))	418	428	418	428
Total employee emoluments and benefits	<u>7,247</u>	<u>7,095</u>	<u>5,234</u>	<u>5,087</u>
Number of employees	<u>386</u>	<u>376</u>	<u>266</u>	<u>267</u>

11 Income tax

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Income tax (expense)/ benefit				
Current tax	1,068	630	582	282
Deferred tax	(401)	256	171	154
	667	886	753	436
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	1,904	3,648	1,836	2,041
Prima facie income tax (expense)/ benefit calculated at 31% (2006: 31%) on operating profit/ (loss)	590	1,131	569	633
Increase income tax (expense)/ benefit due to permanent differences:				
Others	118	-	-	-
	-	-	-	-
Decrease in income tax (expense)/ benefit due to permanent differences:				
Differences in overseas tax rates	(18)	(46)	-	-
Others	(14)	(2)	-	-
	(32)	(48)	-	-
Income tax (expense) / benefit on profit/(loss)	676	1,083	569	633
Add: Income tax underprovided/(overprovided) in prior years	(9)	(197)	8	(197)
Income tax expense/ (benefit)	667	886	577	436

12 Cash and cash equivalents

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
This comprises:				
Cash at bank	2,048	4,447	(67)	2,682
Cash on hand	1,239	945	8	8
Deposits at call	2,767	990	2,000	-
	<u>6,054</u>	<u>6,382</u>	<u>1,941</u>	<u>2,690</u>

13 Current assets - Receivables

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade debtors	5,130	4,531	4,109	2,926
Provision for doubtful debts	(252)	(373)	(113)	(197)
	<u>4,878</u>	<u>4,158</u>	<u>3,996</u>	<u>2,729</u>
Term debtors	1,226	1,515	295	647
Provision for doubtful debts	(99)	(118)	(2)	(12)
Provision for unearned income-term debtors	(71)	(61)	(2)	(1)
	<u>1,056</u>	<u>1,336</u>	<u>291</u>	<u>634</u>
Other receivables	509	446	276	271
	<u>509</u>	<u>446</u>	<u>276</u>	<u>271</u>
Prepayments	512	209	131	63
	<u>512</u>	<u>209</u>	<u>131</u>	<u>63</u>
	<u>6,955</u>	<u>6,149</u>	<u>4,694</u>	<u>3,697</u>

13 Current assets - Receivables (continued)

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

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	4,878	4,158	3,996	2,729
Other trade debtors	1,056	1,336	291	634
	5,934	5,494	4,287	3,363
Prepayments	512	209	131	63
Receivables from related parties	509	446	276	271
	6,955	6,149	4,694	3,697

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-collectible 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.

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Up to 3 months	4,332	4,011	3,387	2,556
3 to 6 months	949	879	729	572
Over 6 months	653	604	171	235
	5,934	5,494	4,287	3,363

The carrying amounts of the group's trade and other receivables are as follows:

Currency	Consolidated		Parent	
	2008 000's	2007 000's	2008 000's	2007 000's
Australian dollar (AUD)	29	8	7	8
US dollar (USD)	1	2	1	2
Japanese yen (JPY)	8,308	9,114	8,308	9,114
Other	124	106	124	106

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

Provision for doubtful debts - movements	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
At 1 April	452	723	209	605
Provision for doubtful debts	351	491	115	209
Receivables written off during the year as uncollectable	(113)	(365)	(110)	(69)
Unused amount reversed	(339)	(521)	(101)	(536)
At 31 March	351	328	113	209

The other receivables and prepayments are not impaired. The group does not hold any collateral as security.

14 Current assets - Inventories

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Finished goods	16,642	18,225	11,557	12,579
Work in progress	13	16	9	13
	<u>16,655</u>	<u>18,241</u>	<u>11,566</u>	<u>12,592</u>

The cost of inventories and the amount of write-downs recognised as expense and included in 'cost of sales' amounted to \$10,090,223 (2007: \$11,034,981) and \$383,121 (2007: \$352,726) respectively.

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

15 Current assets - Other current assets

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Sale and buy-back assets (note 28)	<u>1,763</u>	574	<u>1,692</u>	516

16 Non-current assets - Held-for-sale

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Land held for sale - Fiji	<u>175</u>	175	<u>175</u>	175

A sale and purchase agreement for the sale of the above piece of land exists with prospective buyers. The sale and purchase agreement is open for renegotiation. The asset is carried at cost in accordance with policy note 2(f).

17 Non-current assets - Receivables

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Term debtors	318	291	314	285
Unearned income	(8)	(8)	-	-
	<u>310</u>	<u>283</u>	<u>314</u>	<u>285</u>
Rental deposits	<u>13</u>	12	<u>13</u>	12
	<u>323</u>	<u>295</u>	<u>327</u>	<u>297</u>

All term debtors are expected to be settled within 2 to 5 years and their fair values based on the company's borrowing rate at year end is as follows;

	<u>297</u>	416		<u>257</u>	253
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Unearned income and rental deposits are not expected to be significantly different from the current carrying values.

18 Non-current assets - Other financial assets

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Shares in subsidiaries - at cost	-	-	1,910	1,910
	<u>-</u>	<u>-</u>	<u>1,910</u>	<u>1,910</u>

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

19 Non-current assets - Property, plant & equipment

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Land & buildings				
Freehold land and buildings				
At cost	6,561	7,020	3,673	3,676
Accumulated depreciation	(3,575)	(3,687)	(1,507)	(1,332)
Leasehold land and buildings				
Leasehold improvements				
At cost	2,149	1,947	535	489
Accumulated amortisation	(1,182)	(883)	(318)	(264)
Plant and equipment				
At cost	6,591	7,738	4,115	5,493
Accumulated depreciation	(4,086)	(4,620)	(2,548)	(3,209)
Sale and buy-back vehicles				
Accumulated depreciation	(3,944)	(2,769)	(3,441)	(2,402)
Work in Process	<u>873</u>	<u>-</u>	<u>873</u>	<u>-</u>
At end of year	<u>10,326</u>	<u>11,149</u>	<u>7,538</u>	<u>7,924</u>

19 Non-current assets - Property, plant & equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Sale and buy- back vehicles \$'000	Total \$'000
At 31 March 2008					
Balance per 2007 Financial Statements	3,573	824	3,119	3,633	11,149
Foreign exchange differences	(82)	(33)	(51)	(18)	(185)
Re-classifications	28	-	-	(28)	-
Carrying amount at 1 April 2007	3,519	791	3,068	3,587	10,964
Additions	110	74	1,382	1,916	3,482
Disposals (note 26)	-	-	(620)	(90)	(710)
Depreciation	(1)	(480)	(1,328)	(2,418)	(4,227)
Other movements	-	-	(29)	-	(29)
Work in process	-	846	-	-	846
Carrying amount at 31 March 2008	<u>3,628</u>	<u>1,231</u>	<u>2,473</u>	<u>2,995</u>	<u>10,326</u>

Consolidated	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Sale and buy- back vehicles \$'000	Total \$'000
At 31 March 2007					
Balance per 2006 Financial Statements	4,003	849	3,290	2,229	10,371
Foreign exchange differences	(129)	(15)	(30)	(5)	(179)
Re-classifications	-	-	-	-	-
Carrying amount at 1 April 2006	3,874	834	3,260	2,224	10,192
Additions	-	131	1,790	3,803	5,723
Disposals (note 26)	-	-	(481)	(207)	(688)
Depreciation	(331)	(140)	(1,450)	(2,187)	(4,108)
Work in process	-	30	-	-	30
Carrying amount at 31 March 2007	<u>3,573</u>	<u>824</u>	<u>3,119</u>	<u>3,633</u>	<u>11,149</u>

Parent	Freehold land and buildings	Leasehold land and buildings	Plant and Equipment	Sale and buy- back vehicles	Total
At 31 March 2008					
Carrying amount at 1 April 2007	2,344	226	2,284	3,070	7,924
Additions	-	42	836	1,889	2,767
Disposals (note 26)	-	-	(583)	(90)	(673)
Depreciation	(178)	(51)	(971)	(2,153)	(3,354)
Reclassification	(3)	-	3	-	-
Work in process	-	873	-	-	873
Carrying amount at 31 March 2008	<u>2,163</u>	<u>1,090</u>	<u>1,569</u>	<u>2,716</u>	<u>7,538</u>

Parent	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Sale and buy- back vehicles \$'000	Total \$'000
31 March 2007					
Carrying amount at 1 April 2006	2,330	323	2,764	1,894	7,311
Additions	-	131	1,174	3,228	4,533
Disposals (note 26)	-	-	(481)	(208)	(688)
Depreciation	(179)	(35)	(1,173)	(1,844)	(3,231)
Reclassification	193	(193)	-	-	-
Carrying amount at 31 March 2007	<u>2,344</u>	<u>225</u>	<u>2,284</u>	<u>3,070</u>	<u>7,924</u>

20 Non-current assets - Other non-current assets

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sale and buy-back assets (note 28)	<u>2,482</u>	3,195	<u>2,363</u>	2,999

21 Current liabilities – Payables

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade creditors	1,962	2,186	931	1,557
Related parties	1,373	1,855	2,896	3,284
Accrued expenses	458	385	212	191
Other creditors	1,059	1,098	412	384
Other payables	499	465	409	366
	<u>5,351</u>	5,989	<u>4,860</u>	5,782

22 Current liabilities – Provisions

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits (a)	79	73	79	73
Dividends (b)	72	123	72	123
Dividends payable to parent shareholders (b)	279	368	279	368
Sundry (c)	1,050	447	416	400
	<u>1,480</u>	1,011	<u>846</u>	964

(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 \$2000 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 dividend's arise 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. In the past all dividends proposed by the board and provided for have been paid. Dividends have been accounted for as per note 2(r).

22 Current liabilities – Provisions (continued)

(c) Sundry

The amount represents provisions for legal and warranty claims, and impairment for right hand drive vehicles (in Samoa). The provision charge is recognised in profit and loss within 'administrative and other expenses'. The balance at 31 March 2008 is expected to be settled within the next financial year. The provision for impairment represents the predicted cost to the operation of the impact of the change to right hand drive vehicle control within the next financial year. In the directors' 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 2008.

Consolidated	Employee	Dividends	Dividends	Sundry	Total
	Benefits		payable to parent shareholders		
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2007	73	123	368	447	1,011
Charged/ (credited) to the income statement:					
- Additional provisions	7			659	666
- Used during the year	(1)	(51)	(89)	(56)	(197)
At 31 March 2008	<u>79</u>	<u>72</u>	<u>279</u>	<u>1,050</u>	<u>1,480</u>

Parent	Employee	Dividends	Dividends	Sundry	Total
	Benefits		payable to parent shareholders		
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2007	73	123	368	400	964
Charged/ (credited) to the income statement:					
- Additional provisions	7			45	52
- Used during the year	(1)	(51)	(89)	(29)	(170)
At 31 March 2008	<u>79</u>	<u>72</u>	<u>279</u>	<u>416</u>	<u>846</u>

23 Current liabilities - Other current liabilities

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Sale and buy back liabilities (note 28)	1,304	667	1,828	603
Sale and buy-back income in advance - current	2,154	2,227	1,890	1,926
	<u>3,458</u>	<u>2,894</u>	<u>3,718</u>	<u>2,529</u>

24 Non-current liabilities - Other non-current liabilities

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sale and buy-back liabilities (note 28)	3,381	3,632	2,650	3,413
Service contracts	1,001	1,241	924	1,122
Sale and buy-back income in advance – non current	1,204	1,907	1,156	1,578
	5,586	6,780	4,730	6,113

25 Cash generated from operations

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit after income tax	1,238	2,762	1,259	1,604
Adjustments:				
Depreciation and amortisation	4,260	4,096	3,355	3,230
Net profit on sale of non-current assets	(119)	(3)	(72)	6
Dividend Income	-	-	(388)	-
Interest Income	(233)	(198)	(43)	(29)
Income taxes paid	1,160	7	498	839
Foreign exchange differences	296	191	-	-
Interest Expense	3	1,051	-	7
Net cash provided by operating activities before changes in assets and liabilities	6,605	7,906	4,609	5,657
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	(363)	(69)	(869)	153
(Increase)/decrease in inventories	1,447	(2,301)	1,026	(606)
Increase/(decrease) in tax assets and liabilities	(467)	(165)	105	(403)
Increase in other operating assets	(807)	(424)	(628)	(453)
Increase/(decrease) in trade and other payables	(250)	(1,654)	(644)	(379)
Decrease/(increase) in other liabilities	72	(549)	61	637
Increase/(decrease) in other provisions	(21)	2,501	(53)	(2)
Net cash generated from operations	6,217	5,244	3,608	4,605

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Consolidated		2008 \$'000	2007 \$'000
	2008 \$'000	2007 \$'000		
Net book amount	673	691	710	688
Profit/(loss) on disposal of property, plant and equipment	72	(6)	119	3
Proceeds from disposal of property, plant and equipment	745	684	829	692

26 Deferred income tax

<u>Deferred Income Tax</u>	<u>Consolidated</u>		<u>Parent</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Deferred tax assets:</u>				
- Deferred tax asset to be recovered in more than 12 months	1,248	864	799	665
- Deferred tax asset to be recovered within 12 months	-	-	72	34
	<u>1,248</u>	<u>864</u>	<u>871</u>	<u>699</u>
<u>Deferred tax liabilities:</u>				
- Deferred tax liability to be recovered in more than 12 months	-	-	-	-
- Deferred tax liability to be recovered within 12 months	30	47	-	-
	<u>30</u>	<u>47</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (net)	<u>1,278</u>	<u>911</u>	<u>871</u>	<u>699</u>

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

Beginning of year	817	1,073	699	1,014
Exchange differences	(14)	(2)	-	-
Income statement charge	415	254	171	(315)
End of year	<u>1,218</u>	<u>1,325</u>	<u>870</u>	<u>699</u>

27 Net foreign exchange gains/(losses)

The exchange differences (charges)/ credited to the income statement are included as follows:

	2008	2007
	\$'000	\$'000
Other(losses)/gains - net	(18)	86
Net finance costs (note 8)	230	191
	<u>212</u>	<u>277</u>

28 Sale and buy-back

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Other current assets (note 15)	1,763	574	1,692	516
Other non-current assets (note 20)	2,482	3,195	2,363	2,999
Other current liabilities (note 23)	(1,304)	(667)	(1,828)	(603)
Other non-current liabilities (note 24)	(3,381)	(3,632)	(2,650)	(3,413)
	<u>(441)</u>	<u>(530)</u>	<u>(423)</u>	<u>(501)</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.

29 Contributed equity

	Consolidated		Parent	
	2008	2007	2008	2007
	Shares	Shares	\$'000	\$'000
Share capital				
Ordinary shares				
Issued and paid up capital	<u>14,032</u>	14,032	<u>14,032</u>	<u>14,032</u>

The total authorised ordinary shares amounts to 20 million (2007: 20 million) with a par value of \$1 per share (2007: \$1 per share). The total number of issued and fully paid shares amounts to 14,032,202.

The company's capital (authorised and issued) comprises of ordinary shares only and these carry the same rights, preferences and restrictions.

30 Dividends per share

	Parent	
	2008	2007
	\$'000	\$'000
1st interim dividend of 2.5 cents per share - 2007	-	351
2nd interim dividend of 3.5 cents per share - 2007	-	491
1st interim dividend of 2.5 cents per share - 2008	351	-
2nd interim dividend of 2.5 cents per share - 2008	351	-
	<u>702</u>	<u>842</u>

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

31 Earnings per share

(a) Basic

	Consolidated	
	2008	2007
	\$'000	\$'000
Profit attributable to members of Toyota Tsusho (South Sea) Ltd.	1,237	2,762
Weighted average number of ordinary shares issued	14,032	14,032
Basic earnings per share	<u>0.09</u>	<u>0.20</u>

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the company, excluding any costs of servicing the equity by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted shares

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

32 Reserves and retained profits

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Reserves				
Capital redemption reserve	56	56	56	56
Share Premium reserve	395	395	395	395
Foreign currency translation reserves	(1,633)	(957)	-	-
	<u>(1,182)</u>	<u>(506)</u>	<u>451</u>	<u>451</u>

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

There are no policies regarding the distribution of capital redemption and share premium reserve as sole directive rests on the decisions made by the board of directors.

(b) Retained profits

	Consolidated \$'000	Parent \$'000
At 1 April 2007	14,046	2,537
Profit for the year	2,762	1,606
Dividends paid relating to 2006	(842)	(842)
At 31 March 2007	<u>15,966</u>	<u>3,301</u>
At 1 April 2007	15,966	3,301
Profit for the year	1,237	1,259
Dividends paid relating to 2006	(701)	(702)
At 31 March 2008	<u>16,502</u>	<u>3,858</u>

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Retained profits at the beginning of the financial year	15,966	14,046	3,301	2,537
Net profit attributable to members of Toyota Tsusho (South Sea) Limited	1,237	2,762	1,259	1,606
Dividends	(701)	(842)	(702)	(842)
Retained profits at the end of the financial year	<u>16,502</u>	<u>15,966</u>	<u>3,858</u>	<u>3,301</u>

33 Investments in subsidiaries

Investments in subsidiaries (unlisted):

Name of company	Toyota Tsusho (South Sea) Company Limited Investment Percentage		Contributing to group net Operating profit (loss)		Book Value	
	2008	2007	2008	2007	2008	2007
	%	%	\$'000	\$'000	\$'000	\$'000
Car Rentals Pacific Limited	100	100	-	-	1,015	1,015
Toyota Tsusho American Samoa, Inc	100	100	(14)	138	594	594
Toyota Tsusho (Tonga) Ltd	100	100	11	13	1	1
Toyota Tsusho (Samoa) Ltd	100	100	(19)	1,007	300	300
			<u>(22)</u>	<u>1,156</u>	<u>1,910</u>	<u>1,910</u>

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 Seas) Limited on 1 January 2005

34 Related parties

Details of interest in subsidiary companies are set out in note 33.

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 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 FJ\$1.5 million (2007: FJ\$1.7million).

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 FJ\$14.5 million (2007: FJ\$14.6 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) Purchases of goods and services

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

	2008 \$'000	2007 \$'000
Purchase of goods:		
- Ultimate parent	4,369	5,762
- Immediate parent	2,107	1,638
Total goods purchased from related parties	<u>6,476</u>	<u>7,400</u>
Purchase of services:		
- Immediate parent	<u>1,505</u>	<u>1,728</u>

(c) Key management compensation

	2008 \$'000	2007 \$'000
Emoluments	856	955
Benefits	21	17
	<u>877</u>	<u>972</u>

(d) Year-end balances arising from sale and purchases of goods and services.

	2008 \$'000	2007 \$'000
Receivables from related parties		
- Ultimate Parent	130	131
- Immediate Parent	9	11
Total goods purchased from related parties	<u>139</u>	<u>142</u>
Payables from related parties		
- Ultimate Parent	70	777
- Immediate Parent	1,215	1,511
Total payables from related entities	<u>1,285</u>	<u>2,288</u>

The receivables from related party 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.

35 Contingent liabilities

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Details and estimates of maximum amounts of contingent liabilities are as follows:				
Guarantees and endorsements	1,296	1,534	1,150	1,120
Other	10	45	10	45
	<u>1,306</u>	<u>1,579</u>	<u>1,160</u>	<u>1,165</u>

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

36 Commitments for expenditure

(a) Operating leases

The company and its subsidiaries have various lease agreements in the region it operates in, with the lease year 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:

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Within one year	949	406	744	249
Later than one year but not later than five years	2,360	576	1,916	310
Later than five years	4,659	2,052	2,746	125
	<u>7,968</u>	<u>3,034</u>	<u>5,406</u>	<u>684</u>

(b) Capital commitments

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<i>Property, plant and equipment</i>				
Payable within one year	1,671	-	1,671	-

37 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 income statements 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 2008.
- (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 2008
- (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 2008, and
- (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 2008.

Signed at Suva this 28th day of May 2008 in accordance with the resolution of Directors.



Hiroyoshi Yoshikawa (Chairman)

Director



Ian Thomas Mclean

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 2008 in compliance with Listing Requirements

Directors' interest in the company - Nil

- b) Distribution of Shareholding

<u>Holding</u>	<u>No of Holders</u>	<u>% Holding</u>
Less than 500 Shares	95	0.14
501 to 5,000 Shares	48	0.46
5,001 to 10,000 Shares	7	0.35
20,001 to 30,000 Shares	1	0.17
30,001 to 40,000 Shares	2	0.47
40,001 to 50,000 Shares	1	0.31
100,001 to 1,000,000 Shares	1	4.16
Over 1,000,000 Shares	2	93.95

- c) Share Register

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

INDEPENDENT AUDIT REPORT

To the members of Toyota Tsusho (South Sea) Limited

Scope

We have audited the financial statements of Toyota Tsusho (South Sea) Limited and of the group for the year ended 31 March 2008 as set out on pages 7 to 41. The company's directors and management 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 Fiji 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 adopted by the Fiji Institute of Accountants and statutory requirements so as to present a view which is consistent with our understanding of the company's and the group's financial position, the results of their operations, changes in equity and their cash flows.

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 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 the International Financial Reporting Standards adopted by the Fiji Institute of Accountants:
 - (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 2008 and of the results, changes in equity and cash flows of the company and of the group 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.