



PACIFICFLEET
MANAGEMENT

Annual Report

VB HOLDINGS LTD

Fleet And Property Management

2010





MISSION

THROUGH THE RIGHT FOCUS AND BUSINESS STRATEGY, WE AIM TO DELIVER ON OUR PROMISE TO BE PREFERRED ASSETS MANAGEMENT COMPANY

CORPORATE GOAL

MAXIMISE VALUE OF OUR BUSINESS AND ENSURE CONSISTENT RETURN TO OUR SHAREHOLDERS WITH THE SUCCESSFUL MANAGEMENT OF OUR TWO CLASSES OF ASSETS

OUR 3 PRONGED STRATEGY

CONTINUES BUSINESS IMPROVEMENT

- RESTORING OPERATIONAL EXCELLENCE AND PROFIT GROWTH IN FLEET MANAGEMENT
- GROWTH INITIATIVES IN PROPERTY MANAGEMENT
- FUTURE STRENGTHENING OF SHAREHOLDERS WEALTH & STAKEHOLDERS INTEREST

BUSINESS CULTURE

- CREATE ACCOUNTABILITY
- CONTINUE GROWTH OF SHAREHOLDERS' VALUE

SUSTAINABLE GROWTH

- STRONG EXPANSION OF BOTH CLASSES OF ASSETS
- INVESTING FOR FUTURE

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VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT



Mr Narayan Singh Niranjan
Chairman



Mr Nitish Niranjan
Director / Chief Executive



Mr Sundar Masih Sukhu
Director, Audit Committee



Mr Kuar Singh
Director, Property Committee



Mr Rama Kant Lakhan
Director

It's our pleasure in welcoming you to the Sixty Third Annual General Meeting of VB Holdings Limited and to present the Annual Report and a review of the Company activities for 2010. It is a significant factor that this report has been compiled in the backdrop of a year which saw virtually no growth in the local economy, causing all of us in the sector to face immense challenges. Despite the macro economic milieu with visible signs of drawbacks for progress, we are happy to report a robust performance by your company in 2010.

Global economic growth projections have been revised upward as recovery in advanced and developing and emerging market economics advance. The International Monetary Fund (IMF) now expects the world economy to grow by 4.4 percent in 2011 from the 4.2 percent envisaged earlier. A further 4.5 percent growth is projected for 2012. The upward revision was due to general improvements in global financial conditions and stronger than expected consumption activity in the United States and Japan during second half of 2010. Nonetheless, the uneven recovery pace continues with China and India on the lead. Downside risks to the recovery remain, especially on the uncertainty of the Euro area crisis, high commodity prices and possible overheating in emerging markets.

Domestically, the Fiji economy is projected to grow by 1.3 percent this year following a slight expansion of 0.1 percent forecast in 2010.

OPERATING ENVIRONMENT

The collapse of several financial institutions which were hitherto considered organizations with enormous strengths and stability shook the very foundation of the western economies and brought chaos to the world financial community at its core.



VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT (CONT'D)

After the bitter experiences that the world population went through with the rising oil prices, the entire world seeking alternate sources of energy is a much needed effort to the renaissance which we expect to witness in the global economy in the current year, albeit slowly. There is also a belief that with the recovery of the worst recession experienced since the 1930s the balance of economic power and strength will gradually shift to the Asian region such as China, Japan and India. Also Fiji is making concrete effort to review its economic policies to take advantage of the positive factors and more importantly, maintain the best of international relationships particularly in our neighborhood.

The Board believes that there will be more activities in the year 2011 as global and Fiji economy has shown improvements in later part of 2010. The tourism market and capital development also expects to strengthen its momentum in 2011 & 2012.

FINANCIAL RESULTS

The Company recorded a Net Profit Before Tax of \$754,844 for the year ended 31st December 2010 compared with a profit of \$162,654 made for the year 2009. Revenue increased by \$633,820 to \$2,376,094, 36% and expenditure increased by \$41,630 to \$1,621,250 3% compared to prior year. Fleet management division recorded a positive growth of 37% compared with positive growth of 8.5% in prior year.

Profit after tax was \$594,538 which represents a huge increase compared with previous year's results. Also the Company's total assets have increased by 26% during the year to \$ 9.76 million at the balance sheet date, reaching a milestone of just under \$10 million of assets.

FLEET MANAGEMENT

Year 2010, fleet management division recorded revenue of \$ 2.14m against \$1.57m in prior year. This is an 37% increase in revenue. The fleet management division still contributes 90% to the total business of the Company. At the balance sheet date, total fleet assets value was \$ 8.6 million.

The Board expects that fleet management revenue should pick up in 2011 due to recent fleet management business received.

PROPERTY MANAGEMENT

During the year our property management division showed positive growth compared with prior year. Total revenue generated from this segment had increased by 35% .We are confident that property sector should further increase in 2011.

RETURN TO SHAREHOLDERS

Your Company over the years has operated in an ethical and transparent manner creating shared value for all its stakeholders: customers, shareholders and business partners alike.

It is encouraging to see shareholders' equity strengthen at the balance sheet date it stood at \$ 3.9 million.

During the year, \$0.06 per share was provided in the first half of the year and second half the Board has declared an interim cash dividend of \$0.06 per share, will equal to \$0.12 per share based on the positive financial results made by the Company for the year ended 31 December 2010



VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT (CONT'D)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR in brief is all about how companies manage business processes to produce a comprehensively positive impact on society. VBH recognizes the responsibilities of a good corporate citizen and actively contributes to community development, through providing Sanjeev Nirnanjan Educational Scholarship Programme for poor and needy students.

In 2010, we gave 36 scholarships to poor and needy students, our 12th year of providing dividends to the Community.

CORPORATE GOVERNANCE

The Board of Directors and the Management are responsible for corporate governance of the Company and remain committed to upholding the high standards of integrity and transparency in their governance of the Company. Audit Committee and Risk Management Committee further strengthen the Company Corporate Governance.

BOARD OF DIRECTORS

All Directors participate in discussing strategy, performance and financial / risk management of the Company. The Board conducts regular board meetings and structured to facilitate open discussion. The participation of the board meetings of the year by the members are as follows.

Director	# Meetings
Narayan Singh Nirnanjan	4
Nitish Nirnanjan	10
Kaur Singh	10
Sundar Masih Sukhu	10
Rama Kant Lakhan	9

THE YEAR AHEAD

We remain optimistic with 2011 prospects generally as our neighboring countries have positioned themselves to move on a fast track towards growth. In such a scenario Fiji is a resultant beneficiary growth and could be poised to avail itself of the opportunities that will arise through appropriate fiscal and monetary policies. With several large development projects underway we look forward to seeing growth.

APPRECIATIONS

On behalf of the Board, I thank the entire VBH Management team for their hard work, commitment and loyalty, to drive your Company's performance despite challenging market conditions. I would also like to take this opportunity to sincerely thank our important stakeholder groups and business partners who significantly contributed to your Company's achievements in 2010. Finally, the Board and I thank you, our shareholders, for your continued confidence and trust placed on us to steer your Company in this challenging environment

N S NIRANJAN
Chairman

NITISH NIRANJAN
Chief Executive



VB HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2010, the related income statement, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

DIRECTORS

The names of the directors of VB Holdings Limited at the date of this report are:

- Narayan Singh Niranjana
- Nitish Singh Niranjana
- Kuar Singh
- Sundar Masih Sukhu
- Rama Kant Lakhan

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were that of property investment, financing of vehicles sold by related parties and fleet management services. There were no significant changes in the nature of these activities during the financial year.

RESULTS

The net profit after income tax for the company amounted to \$594,538(2009: \$151,078) after providing income tax expense of \$160,306(2009: \$11,576).

DIVIDENDS

The company declared and issued one bonus share for every 45 shares held in the company as at 30th June 2009. A total of 34,813 shares were issued at \$1 each in lieu of dividend and the directors also declared an interim dividend of \$48,090 (at the rate of 3 cents per share) in respect of the year ended 31 December 2009.

The company declared interim dividends of \$213,736 (at the rate of 12 cents per share) in respect of the year ended 31 December 2010. A rights issue of one new share for every 9 shares held in the company raised 178,113 additional ordinary shares at the rate of \$2.70.

RESERVES

The directors recommend that no amounts be transferred to reserves in respect of the current year.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the payments of liabilities in the normal course of business.

BAD AND DOUBTFUL DEBTS

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the 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 inadequate to any substantial extent.

NON-CURRENT ASSETS

Prior to the completion of the financial statements, the directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as recorded in the accounting records of the company. Where necessary these assets have been written down or adequate allowance has been made to



VB HOLDINGS LIMITED

DIRECTORS' REPORT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

bring the values of such assets to an amount that they might be expected to realise through ongoing operation or sale.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non current assets in the company's financial statements misleading.

UNUSUAL TRANSACTIONS

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the company during the financial year 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 year 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 year, other than those reflected in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial year.

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 year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

- (iii) no contingent liabilities or other liabilities of the company have become or are likely to become enforceable within the year of twelve months after the end of the financial year 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 that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

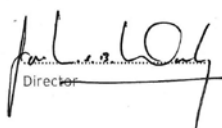
DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a fulltime employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 27th day of January 2011.


Director


Director



VB HOLDINGS LIMITED

STATEMENT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

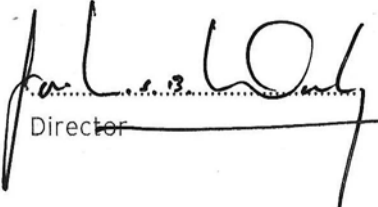
In accordance with a declaration of the directors of VB Holdings Limited, we state that in the opinion of the directors:

- (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 year ended 31 December 2010;
- (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 year ended 31 December 2010;
- (iii) the accompanying statement of financial position 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 31 December 2010;
- (iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2010;
- (v) at the date of this statement there are reasonable grounds to believe 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 27th day of January 2011.


.....
Director


.....
Director



VB HOLDINGS LIMITED

INDEPENDENT AUDIT REPORT



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To the members of VB HOLDINGS LIMITED

We have audited the accompanying financial statements of VB Holdings Limited, which comprise the statement of financial position as at 31 December 2010, the income statement, the statement of changes in equity, the statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



VB HOLDINGS LIMITED

INDEPENDENT AUDIT REPORT (CONT'D)



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

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,
- b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards; and
 - i) are in agreement with the books of account; and
 - ii) to the best of our information and according to the explanations given to us:
- a) give a true fair view of the state of affairs of the company as at 31 December 2010 and of its financial performance, changes in equity and its cash flows of the year ended on that date; and
- b) give the information required by the Companies Act, 1983 in the manner so required.

Suva, Fiji

27 January 2011


Ernst & Young
Chartered Accountants



VB HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Operating revenue	2 (a)	2,240,320	1,699,723
Other revenue	2 (b)	135,774	42,551
Total income		2,376,094	1,742,274
Administration expenses	3 (b)	(49,073)	(55,142)
Operating expenses	3 (a)	(1,372,746)	(1,337,637)
Total administration and operating expenses		(1,421,819)	(1,392,779)
Profit from operations		954,275	349,495
Finance expenses	3 (c)	(199,431)	(186,841)
Net finance costs		(199,431)	(186,841)
Profit before income tax		754,844	162,654
Income tax expense	4	(160,306)	(11,576)
Net profit for the year		594,538	151,078
Earnings per share			
Basic earnings per share	11	0.35	0.10

The accompanying notes form an integral part of this Income Statement.



VB HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital	Share Premium Reserve	Forfeited Share Reserve	Retained Earnings	Total
Restated Balance at 31 December 2009	1,568,208	590,100	16,948	858,972	3,034,228
Total comprehensive income for period					
Profit for the year	-	-	-	151,078	151,078
Transactions with owners, recorded directly in equity					
Bonus shares issued during the year at \$1	34,813	-	-	(34,813)	-
2008 dividend declared and paid (5 cents per share, 2007:Nil)	-	-	-	(78,410)	(78,410)
2009 dividend declared and paid (3 cents per share, 2008:Nil)	-	-	-	(48,090)	(48,090)
Balance as at 31 December 2009	<u>1,603,021</u>	<u>590,100</u>	<u>16,948</u>	<u>848,737</u>	<u>3,058,806</u>
Total comprehensive income for period					
Profit for the year	-	-	-	594,538	594,538
Transactions with owners, recorded directly in equity					
Rights issue - 178,113 ordinary shares at \$2.70	178,113	302,792	-	-	480,905
2010 dividend declared (12 cents per share, 2009:3 cents per share)	-	-	-	(213,736)	(213,736)
Balance as at 31 December 2010	<u>1,781,134</u>	<u>892,892</u>	<u>16,948</u>	<u>1,229,539</u>	<u>3,920,513</u>

The accompanying notes form an integral part of this Statement of Changes in Equity.



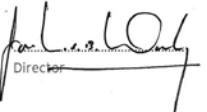
VB HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	14(b)	53,229	58,671
Trade and other receivables	5	<u>3,187,787</u>	<u>2,375,966</u>
Total current assets		<u>3,241,016</u>	<u>2,434,637</u>
Non-current assets			
Trade and other receivables	5	3,158,862	1,643,985
Plant and equipment	6	2,232,338	2,506,139
Investment properties	7	1,131,351	1,144,396
Deferred income tax asset	4	<u>2,360</u>	<u>6,123</u>
Total non-current assets		<u>6,524,911</u>	<u>5,300,643</u>
Total assets		<u>9,765,927</u>	<u>7,735,280</u>
Current liabilities			
Trade and other payables	8	1,963,381	1,672,052
Interest bearing borrowings	9	1,773,369	1,513,833
Unclaimed dividends	10	143,269	83,696
Provision for income tax		<u>111,531</u>	<u>10,696</u>
Total current liabilities		<u>3,991,550</u>	<u>3,280,277</u>
Non-current liabilities			
Deferred income tax liability	4	84,435	104,257
Interest bearing borrowings	9	<u>1,769,429</u>	<u>1,291,940</u>
Total non-current liabilities		<u>1,853,864</u>	<u>1,396,197</u>
Total liabilities		<u>5,845,414</u>	<u>4,676,474</u>
NET ASSETS		<u>3,920,513</u>	<u>3,058,806</u>
Shareholders' equity			
Share capital	12(b)	1,781,134	1,603,021
Reserves	13	909,840	607,048
Retained earnings		<u>1,229,539</u>	<u>848,737</u>
TOTAL SHAREHOLDERS' EQUITY		<u>3,920,513</u>	<u>3,058,806</u>

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


Director


Director



VB HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Cash flows from Operating Activities			
Receipts from operating activities		2,911,661	1,599,238
Payments for operating activities		(3,399,039)	(92,392)
Interest paid		(199,431)	(186,841)
Interest received		29,392	26,893
Income tax paid		(75,530)	(44,855)
Net cash (used in)/provided by Operating Activities	14(a)	<u>(732,947)</u>	<u>1,302,043</u>
Cash flows from Investing Activities			
Acquisition of plant and equipment		(1,004,170)	(2,300,975)
Proceeds from sale of plant and equipment		667,908	535,874
Net cash (used in) Investing Activities		<u>(336,262)</u>	<u>(1,765,101)</u>
Cash flows from Financing Activities			
Dividends paid (net of unclaimed dividends)	10	(154,163)	(77,556)
Proceeds from rights issue		480,905	-
Payment of finance lease liabilities		(2,085,810)	(1,702,206)
Proceeds from finance lease liabilities		2,738,357	2,287,293
Net cash provided by Financing Activities		<u>979,289</u>	<u>507,531</u>
Net (decrease)/increase in cash and cash equivalents		(89,920)	44,473
Cash and cash equivalents at the beginning of the year		58,671	14,198
(Overdraft)/cash and cash equivalents at the end of the year	14(b)	<u>(31,249)</u>	<u>58,671</u>

The accompanying notes form an integral part of this Statement of Cash Flows.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of significant accounting policies

The financial statements of VB Holdings Limited (“the company”) for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of directors on 27 January 2011. VB Holdings Limited is a public company incorporated and domiciled in the Republic of the Fiji Islands.

The principal activity of the company is described in Note 24.

(a) Basis of accounting

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared primarily on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 1.(h) : Property, plant and equipment

Note 1.(i) : Trade and other receivables

Note 1.(j) : Income tax

Note 1.(m) : Investment properties

Note 1.(n) : Impairment of assets

(c) Functional and presentation currency

These financial statements are presented in Fiji dollars (“FJD”), which is the company’s functional currency. Except as indicated, financial information presented in FJD has been rounded to the nearest dollar.

(d) Foreign currencies

Foreign currency transactions during the year are translated to Fiji currency at rates ruling at the date of transaction. Assets and liabilities in foreign currencies at year end are translated to Fiji currency at rates ruling at balance date. Gains and losses (realised and unrealised) are brought to account in the income statement.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

(i) *Rental income*

Rental income from the leasing of properties and operating leases of motor vehicles is recognised on a straight line basis over the relevant lease term.

(ii) *Interest income*

Interest income on finance leases and bill of sale revenue is recognised on a normal accruals basis.

(iii) *Maintenance income*

Maintenance income is recognised on a straight-line basis over the term of the relevant finance or operating lease. This matches the related maintenance expense.

(f) **Expense recognition**

All expenses are recognised in the income statement on an accrual basis.

(g) **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term liquid investments and bank overdrafts. Bank overdrafts are classified as borrowings under current liabilities on the statement of financial position.

(h) **Property, plant and equipment**

Owned assets

Items of property, plant and equipment are stated at cost less depreciation and impairment losses. Property that is being constructed or developed for future use is classified as work in progress under property, plant and equipment and stated at cost until construction or development is complete. Gains and losses on disposal of property, plant and equipment are taken into account in the income

statement. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major improvements, renovations and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense is incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The depreciation rates used for each class of asset are as follows:

Furniture and fittings	10%
Motor vehicles	20%

(i) **Trade and other receivables**

Trade receivables are carried at original invoice amount less allowance made for impairment. Other receivables are recognised and carried at cost less impairment loss. An allowance for impairment of 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 receivables. This allowance is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(j) **Income tax**

Income tax expense comprises current and deferred tax.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

Income tax expense is recognised in the income statement except to the extent that it related to items recognised directly in equity, in which case the item is recognised in equity.

Current tax is the expected tax payable on the taxable income account for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Leases

(i) *Finance leases-the company as lessee*

Assets acquired under finance lease, which the company then leases to other parties as operating leases, are capitalised. The initial amount of the leased asset and corresponding lease liability are recorded at the present value of minimum lease payments. Leased assets are amortised over the life

of the relevant lease or, where it is likely the company will obtain ownership of the asset on expiration of the lease, the expected useful life of the asset. Assets acquired under finance leases which the company releases on finance leases to customers are treated as finance lease receivables (refer (ii) below). Lease liabilities are reduced by the principal component of lease payments. The interest component is charged against operating results.

(ii) *Finance leases-the company as a lessor*

Amounts due from lessees under finance lease are recorded as receivables at the amount of company's net investment in the lease. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic return on the net investments outstanding in respect of the lease.

Amounts due from lessees under finance leases for maintenance charges are allocated over the term during which services are provided. Maintenance services are subcontracted to a related entity.

Receipts made under operating leases are recognised in the income statement in equal instalments over the accounting periods covered by lease terms.

(iii) *Operating leases-the company as a lessor*

Rental and maintenance income from operating leases is recognised as described in Note 1.(e). Maintenance expense are recognised on the same basis as maintenance income. Leased assets are amortised over the expected useful life of the asset.

(l) Trade and other payables

These amounts represent liabilities for goods and services



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

provided to the company prior to the end of the financial year and which are unpaid. Trade and other payables are stated at cost.

(m) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for longterm rental yields. Investment properties are stated at cost less depreciation and impairment losses. Investment properties are depreciated on a straight-line basis over their estimated useful lives using the following rates:

Leasehold land	Term of lease
Buildings	1.25%

When an item of property, plant and equipment, refer Note 1.(h), becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the income statement immediately.

(n) Impairment of assets

The carrying amounts of the company's assets are reviewed at balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(o) Borrowing costs

Borrowings are stated at the gross value of the outstanding balance. Interest is taken to the Income Statement when payable.

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalised. Other borrowing costs are recognised as an expense in the year in which they are incurred.

(p) Dividend distribution

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

Dividends are recorded in the company's financial statements in the period in which they are declared by the directors.

(q) Earnings per share

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

Where the company has on issue outstanding potential ordinary shares which are dilutive, diluted EPS is calculated. Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

(r) 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 segment. 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.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of significant accounting policies (cont'd)

(s) Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

	2010	2009
	\$	\$
2. OPERATING AND OTHER REVENUE		
(a) <u>Operating revenue</u>		
Interest income - bill of sale	29,392	26,893
Interest income - finance lease	435,340	310,442
Interest income - microfinance	-	44
Maintenance income - finance lease	288,330	221,224
Maintenance income - operating lease	190,830	140,820
Operating lease rental	1,065,228	829,161
Rental income	231,200	171,139
	<u>2,240,320</u>	<u>1,699,723</u>
(b) <u>Other revenue</u>		
Gain on disposal of property, plant and equipment	135,774	42,434
Sundry income	-	117
	<u>135,774</u>	<u>42,551</u>
3. OPERATING, ADMINISTRATIVE AND FINANCE EXPENSES		
	\$	\$
(a) <u>Operating expenses</u>		
Depreciation and amortisation	758,881	722,471
Management fees	108,000	108,000
Maintenance expense - operating lease	162,570	140,820
Maintenance expense - finance lease	242,244	221,224
Other operating expenses	101,051	145,122
	<u>1,372,746</u>	<u>1,337,637</u>
(b) <u>Administrative expenses</u>		
Audit and accounting fees	2,889	3,480
Bank charges	6,710	15,848
Directors fees	10,000	10,000
Directors remuneration	5,000	5,000
Scholarship fund	5,955	5,705
Legal fees	-	7,287
Other administrative expenses	18,519	7,822
	<u>49,073</u>	<u>55,142</u>
(c) <u>Finance expenses</u>		
Interest	199,431	186,841
	<u>199,431</u>	<u>186,841</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
4. INCOME TAX		
A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2010 and 2009 is as follows:		
Accounting profit before income tax	754,844	162,654
At statutory income tax rate of 20% for listed company (2009:29%)	150,969	47,170
Under/(over) provision from prior years	3,952	(31,884)
Effect of change in tax rates	4,194	(5,365)
Non-deductible expenses	1,191	1,655
	<u>160,306</u>	<u>11,576</u>
The major components of income tax expense for the years ended 31 December 2010 and 2009 are:		
Current tax	150,969	47,170
Temporary differences	9,337	(35,594)
	<u>160,306</u>	<u>11,576</u>
Net deferred income tax at 31 December relates to the following:		
<u>Deferred income tax assets/(liabilities)</u>		
Provision for doubtful debts	2,360	6,123
Accelerated depreciation for tax purposes	(84,435)	(104,257)
	<u>(82,075)</u>	<u>(98,134)</u>
Represented on the balance sheet:		
Deferred income tax asset	2,360	6,123
Deferred income tax liability	(84,435)	(104,257)
	<u>(82,075)</u>	<u>(98,134)</u>
5. TRADE AND OTHER RECEIVABLES	\$	\$
Current		
Bill of sale receivables	173,931	67,167
Deposits	1,760	1,800
Finance lease receivables	2,369,823	2,254,946
Operating lease receivables	267,981	438,479
Other receivables	820,034	5,750
Less: Unearned interest on finance income	(326,133)	(239,008)
Less: Unearned maintenance charges	(119,609)	(153,168)
	<u>3,187,787</u>	<u>2,375,966</u>
Non-current		
Bill of sale receivables	171,713	87,457
Finance lease receivables	3,374,084	1,855,487
Less: Unearned interest on finance income	(302,838)	(200,301)
Less: Unearned maintenance charges	(72,299)	(89,115)
Less: Provision for doubtful debts	(11,798)	(9,543)
	<u>3,158,862</u>	<u>1,643,985</u>
Total trade and other receivables	<u>6,346,649</u>	<u>4,019,951</u>
(i) Trade and other receivables (gross) includes finance lease receivables (Refer Note 16). Total trade and other receivables includes \$4,616,730 (2009: \$3,197,056) receivable from related parties.		
(ii) Maintenance services have been subcontracted to related entities, and accordingly maintenance charges received from lease account debtors are paid onwards to these maintenance service providers.		



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 \$	2009 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings- at cost	14,850	14,850
Less: Provision for depreciation	<u>(14,850)</u>	<u>(14,850)</u>
	-	-
Motor vehicles - subject to finance lease	404,832	698,937
Less: Provision for depreciation	<u>(393,661)</u>	<u>(553,987)</u>
	11,171	144,950
Motor vehicles - owned	3,279,576	2,938,432
Less: Provision for depreciation	<u>(1,058,409)</u>	<u>(577,243)</u>
	<u>2,221,167</u>	<u>2,361,189</u>
Total property, plant and equipment	<u>2,232,338</u>	<u>2,506,139</u>
 (i) <u>Movements in Carrying Amounts</u>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.		
<u>Motor vehicles - subject to finance lease</u>		
Carrying amount at beginning	144,950	427,773
Disposals	(57,222)	(133,555)
Depreciation	<u>(76,557)</u>	<u>(149,268)</u>
	11,171	144,950
<u>Motor vehicles - owned</u>		
Carrying amount at beginning	2,361,189	979,515
Additions	1,004,170	2,300,975
Disposals	(474,913)	(359,885)
Depreciation	<u>(669,279)</u>	<u>(559,416)</u>
	<u>2,221,167</u>	<u>2,361,189</u>
Net written down value at 31 December	<u>2,232,338</u>	<u>2,506,139</u>
 7. INVESTMENT PROPERTIES	\$	\$
Cost		
Opening balance	1,328,539	1,328,539
Closing balance	<u>1,328,539</u>	<u>1,328,539</u>
Accumulated depreciation		
Opening balance	(184,143)	(171,098)
Depreciation charge for the year	<u>(13,045)</u>	<u>(13,045)</u>
Closing balance	<u>(197,188)</u>	<u>(184,143)</u>
Carrying amount		
Opening balance	1,144,396	1,157,441
Closing balance	<u>1,131,351</u>	<u>1,144,396</u>

The fair value of investment property as at balance date is \$3,000,000 based on independent valuation at open market value prepared in 2008 by Rolle and Associates.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Amounts owing to related parties	1,278,600	1,006,382
Rental deposits - related entities	4,057	4,057
Rental deposits - others	31,257	28,757
Lease deposits - related entities	471,067	384,205
Lease deposits - others	126,473	185,600
Other payables and accruals	51,927	63,051
Total trade and other payables	<u>1,963,381</u>	<u>1,672,052</u>
9. INTEREST BEARING BORROWINGS		
Current		
Bank overdraft - Westpac (Note 14)	84,478	-
Finance lease liability	1,688,891	1,513,833
	<u>1,773,369</u>	<u>1,513,833</u>
Non-current		
Finance lease liability	1,769,429	1,291,940
	<u>1,769,429</u>	<u>1,291,940</u>
The bank overdraft and finance lease liabilities with Westpac Banking Corporation and Bank of Baroda are on normal terms and conditions, subject to interest rates ranging from 5.75% to 7.25% secured on by the following:		
(a)	Registered mortgage debenture by the company over all its assets and undertakings including its uncalled and called but unpaid capital;	
(b)	Registered all monies mortgage no. 4468 by the company over property located at Cnr of Stewart St & Waimanu Rd Commercial property comprised in CT No: 24277; and	
(c)	Standard lease agreements with Westpac Banking Corporation and Bank of Baroda over various motor vehicles.	
10. UNCLAIMED DIVIDENDS	\$	\$
Balance at beginning of the year	83,696	34,752
Dividends declared	213,736	126,500
Dividends paid (net of unclaimed dividends)	(154,163)	(77,556)
	<u>143,269</u>	<u>83,696</u>
11. EARNINGS PER SHARE	\$	\$
Net profit for the year	594,538	151,078
Number of equity shares outstanding	1,715,257	1,573,734
Basic and diluted earnings per share (par value \$1.00)	<u>0.35</u>	<u>0.10</u>
12. SHARE CAPITAL	\$	\$
(a) Authorised capital		
5,000,000 ordinary shares of \$1.00 each	<u>5,000,000</u>	<u>5,000,000</u>
(b) Issued and paid up capital		
1,781,134 ordinary shares of \$1.00(2009: 1,603,021)	<u>1,781,134</u>	<u>1,603,021</u>
During the year a rights issue of 178,113 additional ordinary shares were issued at a value of \$2.70 per share. In 2009, 34,813 bonus shares were issued from retained earnings at a par value of \$1 per share.		
13. RESERVES	\$	\$
Forfeited shares	16,948	16,948
Share premium reserve	892,892	590,100
	<u>909,840</u>	<u>607,048</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

13. RESERVES (cont'd)

Share premium reserve relates to share issue proceeds received in prior years in excess of the par value of shares and is legally required by Section 60 of the Companies Act. In 2010, a rights issue of 178,113 ordinary shares at a rate of \$2.70 per share raised \$480,905.

Forfeited shares reserve relates to the value of share entitlements not taken up therefore forfeited by shareholders in prior years.

14. NOTES TO STATEMENT OF CASH FLOWS

	2010	2009
(a) Reconciliation of net cash provided by operating activities to operating profit after income tax:		
	\$	\$
Operating profit after tax	594,538	151,078
Depreciation	758,881	722,471
Doubtful debts	2,255	(121,316)
Gain on sale of assets	(135,774)	(42,434)
	<u>1,219,900</u>	<u>709,799</u>
<i>Net cash provided by operating activities before change in assets and liabilities:</i>		
(Increase) in trade receivables and other receivables	(2,328,953)	(187,802)
Increase in trade and other payables	291,330	813,325
Increase/(decrease) in provision for income tax	100,835	(58,413)
Decrease in deferred income tax asset	3,763	-
(Decrease)/increase in deferred income tax liability	(19,822)	25,134
Net cash (used in)/provided by Operating Activities	<u>(732,947)</u>	<u>1,302,043</u>
(b) Cash and Cash Equivalents	\$	\$
Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdraft. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash at bank - Bank of Baroda	53,229	32,572
Bank overdraft-Westpac (Note 9)	(84,478)	26,099
Net (overdraft)/cash	<u>(31,249)</u>	<u>58,671</u>
15. COMMITMENTS	\$	\$
(a) Capital expenditure:		
- approved by the Board but not committed	<u>2,000,000</u>	<u>2,000,000</u>
(b) Finance lease expenditure contracted for motor vehicles as follows:		
Not later than one year	1,865,149	1,643,376
Later than one year but not later than two years	1,106,428	1,082,613
Later than two years but not later than five years	784,868	258,944
	<u>3,756,445</u>	<u>2,984,933</u>
Less: Future finance charges	(298,125)	(179,160)
Net finance lease liability	<u>3,458,320</u>	<u>2,805,773</u>
Reconciled as:		
Current finance lease liability (Note 9)	1,688,891	1,513,833
Non-current finance lease liability (Note 9)	<u>1,769,429</u>	<u>1,291,940</u>
	<u>3,458,320</u>	<u>2,805,773</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCE LEASE RECEIVABLES	2010	2009
Finance lease expenditure contracted for motor vehicle receivables are as follows:	\$	\$
Not later than one year	2,369,823	2,254,946
Later than one year but not later than two years	2,293,302	1,057,355
Later than two years but not later than five years	<u>1,080,782</u>	<u>798,132</u>
	5,743,907	4,110,433
Less: Unearned interest on finance income and maintenance charges	<u>(730,859)</u>	<u>(638,068)</u>
Net finance lease receivables	<u>5,013,048</u>	<u>3,472,365</u>
Reconciled as:		
Current finance lease receivables (Note 5)	1,968,429	1,881,040
Non-current finance lease receivables (Note 5)	<u>3,044,619</u>	<u>1,591,325</u>
	<u>5,013,048</u>	<u>3,472,365</u>

17. OPERATING LEASES

The company has provided investment properties and motor vehicles under operating leases to customers on normal commercial terms and conditions on monthly rentals.

Operating lease rentals are as follows:	\$	\$
Not later than one year	937,357	949,460
Later than one year but not later than two years	579,279	847,718
Later than two years but not later than five years	<u>277,960</u>	<u>919,439</u>
	<u>1,794,596</u>	<u>2,716,617</u>

18. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2010 (2009: nil)

19. SEGMENT INFORMATION

(a) Operating segments

The company operates predominantly in property, fleet management and other investments.

Information about reportable segments

	Property Management	Others	Fleet Management	Total
2010				
External revenue	231,200	-	2,144,894	2,376,094
Depreciation/amortisation	13,045	-	745,836	758,881
Reportable segment profit before tax	70,970	-	705,718	776,688
Reportable segment assets	1,138,472	835,784	7,801,109	9,775,365
Reportable segment liabilities	35,314	(31,338)	5,501,875	5,505,851
2009				
External revenue	171,138	117	1,571,019	1,742,274
Depreciation/amortisation	13,787	-	708,684	722,471
Reportable segment profit before tax	82,646	-	90,613	173,259
Reportable segment assets	1,148,867	(27,874)	6,617,707	7,738,700
Reportable segment liabilities	32,814	29,813	4,381,960	4,444,587



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

19. SEGMENT INFORMATION (cont'd)	2010	2009
(a) Operating segments (cont'd)	\$	\$
Revenue		
Total revenue from reportable segments	2,376,094	1,742,157
Other revenue	-	117
Total revenue	<u>2,376,094</u>	<u>1,742,274</u>
Profit or loss		
Total profit for reportable segments	776,688	173,259
Other profit or loss	-	100
<i>Unallocated amounts:</i>		
Scholarship funds	(5,955)	(5,705)
Listing fees	<u>(15,889)</u>	<u>(5,000)</u>
	<u>754,844</u>	<u>162,654</u>
Assets		
Total assets for reportable segments	8,939,581	7,766,574
Other assets	835,784	(27,874)
Other unallocated amounts	<u>(9,438)</u>	<u>(3,420)</u>
Total assets	<u>9,765,927</u>	<u>7,735,280</u>
Liabilities		
Total liabilities for reportable segments	5,537,189	4,414,774
Other liabilities	(31,338)	29,813
Other unallocated amounts	<u>339,563</u>	<u>231,887</u>
Total liabilities	<u>5,845,414</u>	<u>4,676,474</u>

(b) Geographical segment

The company operates predominantly in Fiji and is therefore one geographical area for reporting

20. RELATED PARTY TRANSACTIONS

(a) **Directors**

The names of persons who were directors of VB Holdings Limited at any time during the

Narayan Singh Niranjana
Nitish Singh Niranjana
Kuar Singh
Sundar Masih Sukhu
Rama Kant Lakhan

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning. During the year the following persons were identified as key management personnel, with the

Name

Narayan Singh Niranjana
Nitish Singh Niranjana
Nandana Herath (resigned 10 July 2010)
Sanjeewa Batuwita (appointed 29 December 2010)

The values of transactions with related parties were as follows:	\$	\$
Directors' fees	10,000	10,000
Directors' remuneration	<u>5,000</u>	<u>5,000</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

20. RELATED PARTY TRANSACTIONS (cont'd)

(c) Amounts owing from/(to) related companies

	2010	2009
<u>Net owing from/(to) related companies</u>	\$	\$
Jans Rental Cars Ltd	3,170,288	1,944,139
Niranjans Autoport Limited	(303,225)	(137,670)
Niranjans Motor Corporation Limited	<u>(4,057)</u>	<u>(4,057)</u>

(d) Transactions with related parties

\$ \$

All transactions disclosed in the financial statements with related parties are made on commercial terms and conditions. The material transactions during the year were:

<u>Related party</u>	<u>Transaction type</u>		
<u>Income:</u>			
Jans Rental Cars (Fiji) Limited	<i>Finance lease income</i>	628,524	448,444
Niranjans Motor Corporation Limited	<i>Rent from properties</i>	43,273	43,273
Niranjans Autoport Limited	<i>Profit on sale of motor vehicles</i>	<u>137,363</u>	<u>35,685</u>
<u>Expenses</u>			
Niranjans Autoport Limited	<i>Management fees</i>	108,000	108,000
Niranjans Autoport Limited	<i>Maintenance charges</i>	397,315	220,204
Niranjans Motor Corporation Limited	<i>Maintenance charges</i>	<u>18,528</u>	<u>22,152</u>
<u>Capital expenditure</u>			
Niranjans Autoport Limited	<i>Motor vehicle purchases</i>	2,414,071	2,300,975
Niranjans Motor Corporation Limited	<i>Motor vehicle purchases</i>	<u>22,222</u>	<u>22,152</u>
<u>Deposit</u>			
Niranjans Motor Corporation Limited	<i>Rental deposit</i>	4,057	4,057
Jans Rental Cars (Fiji) Limited	<i>Lease deposit</i>	<u>471,067</u>	<u>384,205</u>

Jans Rental Cars (Fiji) Limited paid \$53,488 (2009:\$206,010) as a residual payment to the company to obtain full ownership of eight vehicles.

21. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The company'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 company. Management and finance executives identify, and evaluate financial risks in close co-operation with the company's operating units. The Board of Directors provides direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

21. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) Interest rate risk

Interest rates on financial assets and liabilities are fixed over the terms of the relevant contracts, thereby minimising the risk of mis-matches in interest rates. At the reporting date, the interest rate profile of the company's interest bearing financial instruments carrying amounts were:

	2010	2009
	\$	\$
Fixed rate instruments		
Financial assets	6,344,889	4,018,151
Financial liabilities	<u>(3,458,320)</u>	<u>(2,805,773)</u>

The following sensitivity analysis is based on the interest risk exposures, if any, in existence at balance date:

	Increase / (decrease) in interest rate	Effect on profit before tax
2010	+10 bp	29,812
	- 10 bp	(29,812)
2009	+10 bp	17,929
	- 10 bp	(17,929)

(ii) Cash flow and fair value interest rate risk

The company has no significant variable interest assets or liabilities. Therefore the company's income and operating cash flows are substantially independent of changes in the market interest rates at reporting date.

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company has no significant concentrations of credit risk apart from those with related parties. The company has policies in place to ensure that services are provided to customers with an appropriate credit history. The company has policies that limit the amount of credit exposure to any one customer or group of customers. Credit levels accorded to customers are regularly reviewed to reduce the exposure to risk of bad debts.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade and other receivables	<u>\$ 6,346,649</u>	<u>\$ 4,019,951</u>
-----------------------------	---------------------	---------------------

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Balance at 1 January	\$ 9,543	\$ 130,859
Impairment loss recognised	<u>2,255</u>	<u>(121,316)</u>
Balance at 31 December	<u>\$ 11,798</u>	<u>\$ 9,543</u>

Based on past experience, the company believes that no impairment allowance is necessary in respect of trade receivables not past due; 95% of the balance which includes the amount owed by the company's most significant customers and relates to customers that have a good track record with the company.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

21. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

22. CAPITAL RISK MANAGEMENT

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company's objectives when obtaining and managing capital are to safeguard the company's ability to continue as a going concern and provide shareholders with consistent level of returns and to maintain an optimal capital structure to reduce the cost of capital.

The company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the company's statement of financial position plus net debt.

	2010 \$	2009 \$
Interest bearing borrowings (Note 9)	3,542,798	2,805,773
Less cash and cash equivalents	<u>(53,229)</u>	<u>(58,671)</u>
Net debt	3,489,569	2,747,102
Equity	3,920,513	3,058,806
Net debts plus equity	<u>7,410,082</u>	<u>5,805,908</u>
Gearing ratio	47%	47%

23. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial year.

24. PRINCIPLE ACTIVITIES

The principal activities of the company during the financial year were that of property investment, financing of vehicles sold by related parties and fleet management services. There were no significant changes in the nature of these activities during the financial year.

25. COMPANY DETAILS

Company Incorporation

The company is a public company domiciled and incorporated in Fiji under the Companies Act, 1983.

Registered office and principal place of business

The registered office of the company is located at:
366 Grantham road
Suva, Fiji

Number of Employees

There were no employees employed by the company (2009: nil).

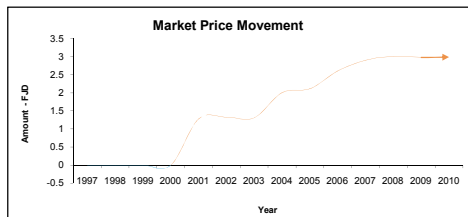
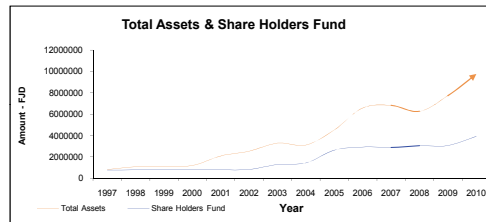
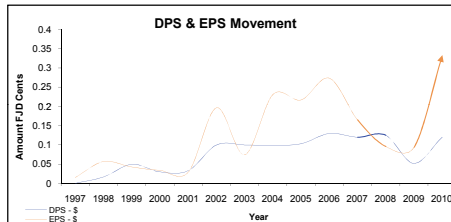
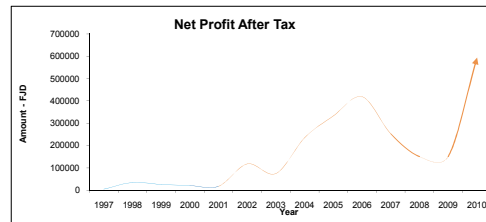
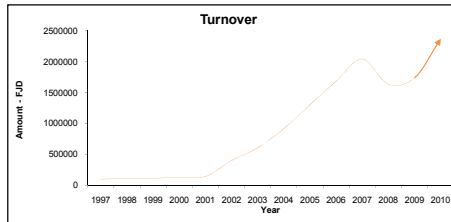


VB HOLDINGS LIMITED

FINANCIAL HIGHLIGHTS

VB HOLDINGS LIMITED - 10 YEAR SUMMARY

DESCRIPTION	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Turnover	2,376,004	1,742,274	1,634,233	2,045,190	1,684,575	1,300,084	915,218	605,856	400,000	141,129	127,982
Profit After Tax	594,538	151,078	150,234	252,162	418,223	332,243	235,531	74,250	117,887	17,551	20,200
Dividend & Bonus Share Issue	213,736	82,903	196,026	183,600	198,900	158,100	101,000	100,000	60,000	19,800	17,819
DPS - \$	0.12	0.05	0.13	0.12	0.13	0.10	0.10	0.10	0.10	0.03	0.03
EPS - \$	0.33	0.10	0.10	0.17	0.27	0.22	0.23	0.07	0.20	0.03	0.03
Total Assets	9,765,027	7,735,280	6,261,812	6,813,900	6,573,726	4,520,454	3,109,146	3,282,997	2,529,587	2,083,663	1,180,212
Share Holders Fund	3,920,513	3,058,806	3,034,228	2,883,984	2,922,532	2,626,709	1,427,466	1,267,335	813,065	769,148	773,281
Share Price	2.99	2.98	3.00	2.90	2.60	2.11	2.00	1.31	1.33	1.28	-
Total Returned to shareholders	4.3%	2.4%	7.8%	15.7%	28.2%	11.2%	57.7%	6.1%	11.4%	2.3%	2.6%
Return on Equity	15.16%	4.94%	4.95%	8.74%	14.31%	13%	16%	6%	14%	2%	3%





VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

26. SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS

(a) Statement of interest of each Director in the share capital of the company as at 31 December 2010

Nitish Singh Niranjana	562,824
Narayan Singh Niranjana	498,200
Sundar Masih Sukhu	18,886
Rama Kant Lakhan	12,989
Kuar Singh	10,382

(b) Distribution of share holding

Holding	No. of holders	% Holding
Less than 500 shares	39	0.24
501 to 5,000 shares	40	4.14
5,001 to 10,000 shares	5	1.97
10,001 to 20,000 shares	5	4.31
20,001 to 30,000 shares	1	1.28
30,001 to 40,000 shares	1	1.91
40,001 to 50,000 shares	-	-
50,001 to 100,000 shares	4	14.95
100,001 to 1,000,000 shares	4	71.20
Over 1,000,000 shares	-	-
Total	99	100

(c) Share Register

VB Holdings Limited
C/- PricewaterhouseCoopers
Level 8, Civic Towers
262 Victoria Parade
GPO Box 200
Suva
Fiji

