

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTOR'S OF MERCHANT FINANCE LIMITED AND THE RESERVE BANK OF FIJI INDEPENDENT AUDITORS' REPORT**

**Scope**

We have examined the Key Disclosure Statement ("the Statement") of Merchant Finance Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of the Reserve Bank of Fiji's Banking Supervision Policy No: 5B ("the Notice") and the provisions of Sections 14 (3) and 28 of the Banking Act 1995. The Company's directors are responsible for the preparation and presentation of the Statement in accordance with the Notice.

The information is extracted from the Company's audited financial statements for the year ended 30 June 2017 upon which we expressed an unqualified audit opinion dated 17 August 2018. Our audit of the financial statements was conducted in accordance with International Standards on Auditing.

**Audit Opinion**

In our opinion the Statement has been completed in accordance with the Notice and the information contained therein has been properly extracted from the Company's financial statements for the year ended 30 June 2018.



**MERCHANT  
FINANCE LTD**

**SUMMARY KEY DISCLOSURE STATEMENT  
for the financial year ended 30 June 2018**

**Introductory Statement**

- The purpose of this information is to provide customers and potential customers with information about the financial condition of their credit institution.
- The explanation of the terms used in the Key Disclosure Statement is contained in the Reserve Bank publication "Your Bank's Disclosure Statement : What's In It For You". The terms used in the brochure are also applicable to credit institutions. The brochure can be obtained from the Reserve Bank of Fiji. Other information can be viewed at all branches of Merchant Finance Limited.

**Corporate Information**

- The full name of the credit institution is Merchant Finance Limited.
- The full name of the ultimate parent company of the Merchant Finance Limited is Fijian Holdings Ltd, which is domiciled in Fiji.
- The names of the directors of the Merchant Finance Limited are

**Chairman** Sanjit Bhai Patel (Appointed - 13/02/17)

**Members** Nouzab Fareed (Appointed - 19/05/10)  
Arun Narsey (Appointed - 19/10/15)  
Sunil Sharma (Appointed - 13/02/17)  
Mereoni Matavou (Appointed - 13/02/17)

KPMG

28 September, 2018  
Suva, Fiji

Steve Nutley - Partner

**MERCHANT FINANCE BRANCHES**

Suva	Level 1, Ra Marama House. 91 Gordon Street. P.O. Box 14213, Suva   Phone: 331 4955   Fax: 330 0026
Nabua	Unit 2 & 3, Level 1. Nands Shopping Mall Nabua P.O. Box 14213. Suva   Phone: 337 3543   Fax: 337 3542
Lautoka	Shop 6, Provident Plaza. Naviti St, Lautoka Private Mail Bag, Nadi Airport   Phone: 664 5822   Fax: 664 5929
Nakasi	Rups Complex, 9 Miles, Nakasi Phone: 330 5312   Fax: 327 0900
Sigatoka	Shop 9, Matamata Lane, Town End Sigatoka Phone: 6500 494   Fax: 6500 492
Labasa	Nasekula Road   P.O Box 918, Labasa Phone: 891 3560   Fax: 881 3587
Nadi	Shorlane Street, Namaka   Private Mail Bag, Nadi Airport Phone: 672 5822   Fax 672 5929
Savusavu	Marimuttu Building, Main Street   P.O Box 286, Savusavu Phone: 885 0290   Fax. 885 0292
Taveuni	Kool's Accommodation, Lot 16 Naqara Phone: 888 1011   Fax 888 1013

Profitability	Audited Current Year	Audited Prior Period
Net operating profit/(loss) after tax (\$'000)	6,795	3,891
As a percentage of average total assets	4.11%	2.38%
<b>Size as at end of financial year</b>		
Total assets (\$'000)	165,167	165,539
The percentage change in total assets over 12 months	(0.22%)	2.52%
<b>Capital Adequacy as at end of financial year</b>		
Tier 1 Capital (\$'000)	30,771	29,434
Tier 1 capital to total risk-weighted assets ratio	21.81%	21.33%
Total Capital (\$'000)	32,534	31,508
Capital adequacy ratio	23.06%	22.83%
<b>Asset Quality as at end of financial year</b>		
Total impaired assets (on-and off-balance sheet) (\$'000)	14,099	16,653
As a percentage of total assets	8.54%	10.06%
Total individually assessed provisions (\$'000)	4,429	2,687
Total collectively assessed provisions (\$'000)	2,664	2,785
Total provisions as a percentage of total impaired assets	50.31%	32.86%
General reserves for credit losses (\$'000)	2,876	2,876
<b>Peak Credit Exposure Concentrations - number of counterparties or groups</b>		
of closely-related counterparties in relation to the total capital of the credit institution		
10% to 20% of total capital	-	-
20% to 25% of total capital	-	-
Over 25% of total capital	-	-
<b>Peak Connected Persons Credit Exposures - for all connected persons</b>		
Peak end-of-day credit exposure amount (\$'000)	-	-
As a percentage of total capital	0.00%	0.00%
Maximum peak end-of-day aggregate credit exposure to all connected persons as a percentage of total capital	25.00%	25.00%

#### Balance Sheet

The Balance Sheet for the Fiji Operations as prepared under the IFRSs should be reported here and should include, but should not be limited to, the following:

	(\$'000)	(\$'000)
Cash and liquid assets	4,894	5,218
Balance with the Reserve Bank of Fiji	-	-
Receivables due from other financial institutions	-	-
Securities held	17,050	-
Loans (including advances to customers and similar facilities)	140,250	135,755
Provision for doubtful debts	(7,093)	(5,472)
Fixed assets	3,504	2,666
Asset held for Sale	-	1,416
Available for sale financial assets	-	21,533
Investment Property	4,695	2,150
Intangible Asset	1,280	1,195
Prepayment & Other Receivables	587	1,078
<b>Total Assets</b>	<b>165,167</b>	<b>165,539</b>
Deposits of Promissory Notes of statutory bodies	-	-
Payables due to other financial institutions	-	-
Deposits and borrowings	122,613	124,005
Amounts owed to other depositors	-	-
Certificates of deposits	-	-
Promissory Notes and other liabilities evidenced by paper	-	-
Other borrowed funds	-	-
Others	7,627	7,254
Issued and paid up or assigned capital	30,000	30,000
Capital reserves	-	-
Revaluation reserves	-	775
General reserves for credit losses	2,876	2,876
Other reserves	-	-
<b>Retained earnings</b>	<b>2,051</b>	<b>629</b>

#### Income Statement

The Income Statement for the Fiji Operations as prepared under the IFRSs should be reported here and should include, but should not be limited to, the following:

	Audited Current Year (\$'000)	Audited Prior Period (\$'000)
Interest and similar income	20,759	21,675
Interest and similar expense	(5,319)	(5,393)
Dividend income	-	-
Fee and commission revenue	573	898
Fee and commission expense	-	-
Other revenues arising from financial instruments	-	-
Gains less losses arising from dealing securities	-	-
Other expenses arising from financial instruments	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Other operating revenue	1,270	116
Bad and doubtful debts (including provisions for impairment)	(2,172)	(6,383)
Recoveries of bad and doubtful debts	118	304
General administration expense	-	-
Other operating expense	(6,708)	(6,315)
Net profit/(loss) before tax	8,521	4,902
Net profit/(loss) after tax	6,795	3,891

#### Availability of Disclosure Statements

- Merchant Finance Limited's most recent Key Disclosure Statement is available at all Merchant Finance Limited branches.
- Merchant Finance Limited's most recent General Disclosure Statement is available at all Merchant Finance Limited branches.
- The most recent audited balance sheet and profit and loss statements and other publicly available financial information on any "associated person" of the credit institution are available for inspection at our head office located at Level 1, Ra Marama House, 91 Gordon Street, Suva.



Director



Director



Auditor