

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 2019 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 2019 upon which we expressed an unqualified audit opinion dated 2 August 2019. 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 2019.

KRMG
29 October, 2019
Suva, Fiji


Steve Nutley - Partner



MERCHANT FINANCE

SUMMARY KEY DISCLOSURE STATEMENT for the financial year ended 30 June 2019

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 Pte Limited.

Corporate Information

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

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)
Sereana Matakibau (Appointed - 13/03/19)
Mereoni Matavou (Resigned - 13/03/19)

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)	7,854	6,795
As a percentage of average total assets	4.35%	4.11%
Size as at end of financial year		
Total assets (\$'000)	195,724	165,167
The percentage change in total assets over 12 months	18.50%	(0.22%)
Capital Adequacy as at end of financial year		
Tier 1 Capital (\$'000)	32,774	30,771
Tier 1 capital to total risk-weighted assets ratio	18.60%	21.81%
Total Capital (\$'000)	34,976	32,534
Capital adequacy ratio	19.85%	23.06%
Asset Quality as at end of financial year		
Total impaired assets (on-and off-balance sheet) (\$'000)	16,963	14,099
As a percentage of total assets	8.67%	8.54%
Total individually assessed provisions (\$'000)	4,873	4,429
Total collectively assessed provisions (\$'000)	3,688	2,664
Total provisions as a percentage of total impaired assets	50.47%	50.31%
General reserves for credit losses (\$'000)	2,876	2,876

Peak Credit Exposure Concentrations - number of counterparties or groups

of closely-related counterparties in relation to the total capital of the credit institution

10% to 20% of total capital	1	-
20% to 25% of total capital	-	-
Over 25% of total capital	-	-

Peak Connected Persons Credit Exposures - for all connected persons

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	13,533	4,894
Balance with the Reserve Bank of Fiji	-	-
Receivables due from other financial institutions	-	-
Securities held	5,550	17,050
Loans (including advances to customers and similar facilities)	173,536	140,250
Provision for doubtful debts	(8,562)	(7,093)
Fixed assets	4,576	3,504
Asset held for Sale	-	-
Available for sale financial assets	-	-
Investment Property	5,320	4,695
Intangible Asset	1,457	1,280
Prepayment & Other Receivables	314	587
Total Assets	195,724	165,167
Deposits of Promissory Notes of statutory bodies	-	-
Payables due to other financial institutions	-	-
Deposits and borrowings	149,472	122,613
Amounts owed to other depositors	-	-
Certificates of deposits	-	-
Promissory Notes and other liabilities evidenced by paper	-	-
Other borrowed funds	-	-
Others	9,145	7,627
Issued and paid up or assigned capital	30,000	30,000
Capital reserves	-	-
Revaluation reserves	-	-
General reserves for credit losses	2,876	2,876
Other reserves	-	-
Retained earnings	4,230	2,051

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	23,651	20,759
Interest and similar expense	(6,218)	(5,319)
Dividend income	-	-
Fee and commission revenue	601	573
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	777	1,270
Bad and doubtful debts (including provisions for impairment)	(2,577)	(2,172)
Recoveries of bad and doubtful debts	194	118
General administration expense	-	-
Other operating expense	(6,644)	(6,708)
Net profit/(loss) before tax	9,784	8,521
Net profit/(loss) after tax	7,854	6,795

Availability of Disclosure Statements

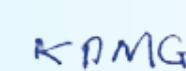
- Merchant Finance Pte Limited's most recent Key Disclosure Statement is available at all Merchant Finance Pte Limited branches.
- Merchant Finance Pte Limited's most recent General Disclosure Statement is available at all Merchant Finance Pte Limited branches.
- The most recent audited balance sheet 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