

EPPLEY LIMITED

SECOND QUARTER 2015



58 HALF WAY TREE ROAD
KINGSTON 10, JAMAICA, W.I.
P. (876) 929-8451/4 F. (876) 920-1458

August 10, 2015

Fellow Shareholders,

Eppley produced earnings per share of \$28.29 in the first six months of the year, a 7.5% return on our \$377 per share listing price.

At the end of the quarter, our net asset value was \$414 per share.

Portfolio

As of June 30 we had a \$1.35 billion portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 13%. Our capital-at-risk was less than 0.1% of capital.¹

Capitalization and Liquidity

Our leverage was 3.2x of our capital at the end of the quarter and our average cost of debt was 10%. We ended the quarter with \$310 million of cash and short term investments.

Financial Performance

Our profit after tax for the first half of the year was \$22.5 million compared to \$29.6 million in the first half 2014.

Dividend

Today the Board of Directors approved a dividend of \$9.00 per share payable on August 31 to ordinary shareholders on record as of August 24.

On an annualized basis this represents an ordinary dividend yield of 9.55% on our \$377 per share listing price.

As previously disclosed and subject to the discretion of the Board of Directors, we expect to maintain this level of dividends each quarter. We will adjust the final quarterly dividend each year to distribute the vast majority of our annual earnings to ordinary shareholders.

Sincerely,



Nigel L. Clarke
Chairman



Nicholas A. Scott
Managing Director

¹Capital-at-risk is the sum of loans and leases over 90 days and insurance premium finance contracts cancelled late, net of provisions.

Eppley Limited
Statement of Comprehensive Income
(Jamaican dollars in thousands)

	Unaudited 6 months ended Jun. 2015	Unaudited 6 months ended Jun. 2014	Unaudited 3 months ended Jun. 2015	Unaudited 3 months ended Jun. 2014	Audited 12 months ended Dec. 2014
Net Investment Income					
Interest Income	92,550	53,620	47,615	25,460	117,681
Interest expense	<u>(58,215)</u>	<u>(21,196)</u>	<u>(29,229)</u>	<u>(10,549)</u>	<u>(48,701)</u>
Net interest income	34,335	32,423	18,387	14,911	68,980
Other operating income	14,739	20,311	9,644	8,948	33,042
Administrative expenses	<u>(26,547)</u>	<u>(23,099)</u>	<u>(14,236)</u>	<u>(11,552)</u>	<u>(50,791)</u>
Profit before Taxation	22,528	29,635	13,794	12,308	51,231
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55)</u>
Net Profit being Total Comprehensive Income for the Year	<u><u>22,528</u></u>	<u><u>29,635</u></u>	<u><u>13,794</u></u>	<u><u>12,308</u></u>	<u><u>51,176</u></u>
EARNINGS PER SHARE (3)	\$28.29	\$37.22	\$17.32	\$15.46	\$64.27

Eppley Limited
Statement of Financial Position
(Jamaican dollars in thousands)

	Unaudited Jun. 2015	Unaudited Jun. 2014	Audited Dec. 2014
ASSETS			
Cash and Deposits	212,599	66,679	519,791
Taxation recoverable	1,871	1,139	1,319
Other receivable	43,690	53,249	50,186
IPF Receivables	68,121	100,872	113,516
Loans Receivables	759,485	383,324	473,501
Lease Receivable	214,624	178,386	253,361
Investment Securities	98,301	-	-
Property, Plant and Equipment	5,491	3,842	3,248
	<u>1,404,182</u>	<u>787,491</u>	<u>1,414,922</u>
LIABILITIES			
Due to related parties	1,653	1,653	1,653
Taxation payable	1,082	1,082	1,082
Deferred Taxation	328	273	328
Borrowings	1,041,426	427,652	1,038,823
Other liabilities	30,458	20,553	29,550
	<u>1,074,947</u>	<u>451,213</u>	<u>1,071,436</u>
SHAREHOLDERS' EQUITY			
Share capital	181,189	181,189	181,189
Retained earnings	148,047	155,089	162,297
	<u>329,236</u>	<u>336,278</u>	<u>343,486</u>
	<u>1,404,182</u>	<u>787,491</u>	<u>1,414,922</u>

Approved by the Board of Directors on August 10, 2015 and signed
on its behalf by:



Nigel L. Clarke
Chairman



Nicholas A. Scott
Managing Director

Eppley Limited
Statement of Changes in Equity
(Jamaican dollars in thousands)

	Share Capital	Retained Earnings	Total
Balance as at 1 January 2014	181,189	139,786	320,975
Net Profit for the period		29,635	29,635
Dividends	-	(14,332)	(14,332)
Balance as at 30 June, 2014	<u>181,189</u>	<u>155,089</u>	<u>336,278</u>
Balance as at 1 January 2015	181,189	162,297	343,486
Net Profit for the period	-	22,528	22,528
Dividends	-	(36,779)	(36,779)
Balance as at 30 June, 2015	<u>181,189</u>	<u>148,046</u>	<u>329,236</u>

Eppley Limited
Statement of Cash Flows
(Jamaican dollars in thousands)

	Unaudited 6 months ended Jun. 2015	Unaudited 6 months ended Jun. 2014	Audited 12 months ended Dec. 2014
Cash Flows from Operating Activities			
Net profit	22,528	29,635	51,176
Adjustments for items not affecting cash:			
Depreciation	999	594	1,187
Interest income	(92,550)	(53,620)	(117,681)
Interest expense	58,215	21,196	48,701
Exchange (gains)/losses on foreign balances	(9,589)	(17,650)	(25,988)
Taxation	-	-	55
	<u>(20,397)</u>	<u>(19,845)</u>	<u>(42,551)</u>
Changes in non-cash working capital components:			
Other receivables	6,026	(209)	2,996
Insurance premium financing receivables	45,159	25,241	13,483
Loans receivable	(277,499)	(67,222)	(151,322)
Lease receivables	41,073	(7,404)	(80,520)
Interest received	87,744	54,141	117,699
Other liabilities	916	4,318	13,301
Due to related parties	-	-	-
	<u>(116,977)</u>	<u>(10,981)</u>	<u>(126,914)</u>
Tax withheld at source/paid	(552)	-	(878)
Interest paid	(58,215)	(21,196)	(48,701)
Net cash provided by/(used in) operating activities	<u>(175,744)</u>	<u>(32,175)</u>	<u>(176,493)</u>

Eppley Limited
Statement of Cash Flows (Cont'd)
(Jamaican dollars in thousands)

	Unaudited 6 months ended Jun. 2015	Unaudited 6 months ended Jun. 2014	Audited 12 months ended Dec. 2014
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days	-	-	(79,806)
Acquisition of Investments	(100,976)	-	-
Proceed from sale of investments	2,675	-	-
Additions to property, plant and equipment	(3,242)	(28)	(28)
Net cash provided by/(used) in investing activities	(101,543)	(28)	(79,834)
Cash Flows from Financing Activities			
Dividend paid	(36,779)	(14,332)	(28,665)
Shares issued	-	-	-
Loans received	15,296	55,101	699,116
Loans repaid	(12,298)	(106,955)	(139,693)
Net cash (used in)/provided by financing activities	(33,781)	(66,186)	530,758
Increase/(Decrease) in net cash balance	(311,067)	(98,389)	274,431
Effects of foreign exchange rates changes on cash and cash equivalents	454	4,153	4,040
Cash and cash equivalents at beginning of year	439,293	160,821	160,821
CASH AND CASH EQUIVALENTS AT END OF PERIOD	128,679	66,585	439,293

Ten Largest Shareholders

(at June 30, 2015)

Musson Investments Limited	299,999
Appliance Traders Group Pension Scheme	204,250
Stony Hill Capital Limited	121,666
General Accident Insurance Company Jamaica Limited	73,000
Michael Subratie	33,268
Ravers Limited	22,134
Nicholas Scott	8,357
Nigel Clarke	5,305
Tropical Battery Company Limited	5,300
Maxim Rochester	3,978

Shareholdings of Directors

(at June 30, 2015)

	Direct	Connected
Nigel Clarke	5,305	-
Melanie Subratie	-	299,999
P. B. Scott	-	299,999
Nicholas Scott	8,357	-
Sharon Donaldson	800	-
Jennifer Scott	-	-
Keith Collister	-	-
Byron Thompson	2,000	-
Maxim Rochester	3,978	-
Alexander Melville	-	5,300

Shareholdings of Executives

(at June 30, 2015)

	Direct	Connected
Nadia Jervis	277	-
Jacquelin Watson	-	-

1. Identification and Activities

Eppley Limited formerly Orrett and Musson Investment Company Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10.

The principal activity of the company is insurance premium financing, lease and loan financing.

The company is a public company listed on the Jamaica Stock Exchange at July 29, 2013.

2. Statement of Compliance and Basis of Preparation

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2014. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

3. Earnings Per Share

	Unaudited 6 months ended Jun. 2015	Unaudited 6 months ended Jun. 2014	Unaudited 3 months ended Jun. 2015	Unaudited 3 months ended Jun. 2014	Audited 12 months ended Dec. 2014
Net Profit being Total Comprehensive Income for the Period	22,528	29,635	13,794	12,308	51,176
Number of Shares Outstanding	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>
EARNINGS PER SHARE	28.29	37.22	17.32	15.46	64.27

4. Cash and Cash Equivalents

	Unaudited 6 months ended Jun. 2015	Unaudited 6 months ended Jun. 2014	Audited 12 months ended Dec. 2014
Cash and bank balances	106,489	13,917	309,292
Term Deposits	<u>106,110</u>	<u>52,762</u>	<u>210,499</u>
	212,599	66,679	519,791
Less: Term deposits with maturity period in excess of ninety days	(79,806)	-	(79,806)
Less: Interest Receivable	<u>(4,113)</u>	<u>(95)</u>	<u>(692)</u>
	128,679	66,585	439,293