

**EPPLEY LIMITED**

**THIRD QUARTER 2015**



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

November 12, 2015

Fellow Shareholders,

Eppley produced earnings per share of \$52.47 in the first nine months of the year, a 13.9% return on our \$377 per share listing price.

At the end of the quarter, our net asset value was \$429 per share.

#### Portfolio

As of September 30 we had a \$1.38 billion portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 14%. Our capital-at-risk was less than 0.1% of capital.<sup>1</sup>

#### 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 \$237 million of cash and short term investments.

#### Financial Performance

Our profit after tax for the first nine months of the year was \$41.7 million compared to \$39.7 million in the first nine months of 2014.

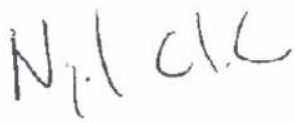
#### Dividend

Today the Board of Directors approved a dividend of \$9.00 per share payable on November 30 to ordinary shareholders on record as of November 20.

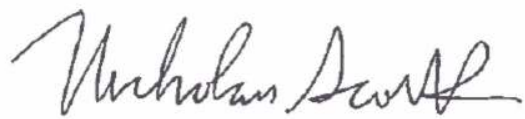
On an annualized basis this represents an ordinary dividend yield of 9.55% on our \$377 per share listing price.

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,

Handwritten signature of Nigel L. Clarke in black ink.

**Nigel L. Clarke**  
Chairman

Handwritten signature of Nicholas A. Scott in black ink.

**Nicholas A. Scott**  
Managing Director

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<sup>1</sup>Capital-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 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2014	Unaudited 3 months ended Sep. 2015	Unaudited 3 months ended Sep. 2014	Audited 12 months ended Dec. 2014
<b>Net Investment Income</b>					
Interest Income	145,557	81,579	53,007	27,960	117,681
Interest expense	<u>(87,943)</u>	<u>(31,822)</u>	<u>(29,728)</u>	<u>(10,626)</u>	<u>(48,701)</u>
<b>Net interest income</b>	57,614	49,757	23,279	17,334	68,980
Other operating income	24,979	25,323	10,240	5,012	33,042
Administrative expenses	<u>(40,817)</u>	<u>(35,393)</u>	<u>(14,270)</u>	<u>(12,294)</u>	<u>(50,791)</u>
Profit before Taxation	41,776	39,688	19,249	10,053	51,231
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55)</u>
<b>Net Profit being Total Comprehensive Income for the Year</b>	<u><b>41,776</b></u>	<u><b>39,688</b></u>	<u><b>19,249</b></u>	<u><b>10,053</b></u>	<u><b>51,176</b></u>
<b>EARNINGS PER SHARE (3)</b>	<b>\$52.47</b>	<b>\$49.84</b>	<b>\$24.17</b>	<b>\$12.62</b>	<b>\$64.27</b>

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

	Unaudited Sep. 2015	Unaudited Sep. 2014	Audited Dec. 2014
<b>ASSETS</b>			
Cash and Deposits	186,955	14,790	519,791
Taxation recoverable	2,159	1,285	1,319
Other receivable	46,625	50,202	50,186
IPF Receivables	92,145	109,422	113,516
Loans Receivables	811,643	404,752	473,501
Lease Receivable	233,872	174,550	253,361
Investment Securities	50,723	-	-
Property, Plant and Equipment	5,154	3,545	3,248
	<u><b>1,429,275</b></u>	<u><b>758,547</b></u>	<u><b>1,414,922</b></u>
<b>LIABILITIES</b>			
Due to related parties	1,653	1,653	1,653
Taxation payable	1,082	1,082	1,082
Deferred Taxation	328	273	328
Borrowings	1,052,127	394,123	1,038,823
Other liabilities	32,767	22,252	29,550
	<u><b>1,087,957</b></u>	<u><b>419,383</b></u>	<u><b>1,071,436</b></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	181,189	181,189	181,189
Retained earnings	160,129	157,975	162,297
	<u><b>341,319</b></u>	<u><b>339,164</b></u>	<u><b>343,486</b></u>
	<u><b>1,429,275</b></u>	<u><b>758,547</b></u>	<u><b>1,414,922</b></u>

Approved by the Board of Directors on November 12, 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)*

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance as at 1 January 2014	181,189	139,786	320,975
Net Profit for the period	-	39,688	39,688
Dividends	-	(21,499)	(21,499)
<b>Balance as at 30 September, 2014</b>	<b><u>181,189</u></b>	<b><u>157,975</u></b>	<b><u>339,164</u></b>
Balance as at 1 January 2015	181,189	162,297	343,486
Net Profit for the period	-	41,776	41,776
Dividends	-	(43,945)	(43,945)
<b>Balance as at 30 September, 2015</b>	<b><u>181,189</u></b>	<b><u>160,128</u></b>	<b><u>341,319</u></b>

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

	Unaudited 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2014	Audited 12 months ended Dec. 2014
<b>Cash Flows from Operating Activities</b>			
Net profit	41,776	39,688	51,176
Adjustments for items not affecting cash:			
Depreciation	1,509	890	1,187
Amortization of Premium on Investments	89	-	-
Gain on disposal of property, plant and equipment and intangible asset	-	-	-
Interest income	(145,557)	(81,506)	(117,681)
Interest expense	87,943	31,822	48,701
Exchange (gains)/losses on foreign balances	(17,885)	(20,902)	(25,988)
Taxation	-	-	55
	<u>(32,125)</u>	<u>(30,008)</u>	<u>(42,551)</u>
<b>Changes in non-cash working capital components:</b>			
Other receivables	4,401	(1,949)	2,996
Insurance premium financing receivables	21,975	17,100	13,483
Loans receivable	(324,321)	(87,510)	(151,322)
Lease receivables	23,664	(3,099)	(80,520)
Interest received	139,781	80,354	117,699
Other liabilities	3,215	6,017	13,301
Due to related parties	-	-	-
	<u>(163,411)</u>	<u>(19,096)</u>	<u>(126,914)</u>
Tax withheld at source/paid	(840)	-	(878)
Interest paid	(87,756)	(31,822)	(48,701)
<b>Net cash provided by/(used in) operating activities</b>	<u>(252,007)</u>	<u>(50,916)</u>	<u>(176,493)</u>

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

	Unaudited 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2014	Audited 12 months ended Dec. 2014
<b>Cash Flows from Investing Activities</b>			
Term deposits with maturity periods in excess of 90 days	-	-	(79,806)
Acquisition of Investments	(100,283)	-	-
Proceed from sale of investments	50,000	-	-
Additions to property, plant and equipment	(3,414)	(28)	(28)
<b>Net cash provided by/(used) in investing activities</b>	<b>(53,697)</b>	<b>(28)</b>	<b>(79,834)</b>
<b>Cash Flows from Financing Activities</b>			
Dividend paid	(43,945)	(21,499)	(28,665)
Shares issued	-	-	-
Loans received	31,265	55,101	699,116
Loans repaid	(22,498)	(133,762)	(139,693)
<b>Net cash (used in)/provided by financing activities</b>	<b>(35,179)</b>	<b>(100,160)</b>	<b>530,758</b>
Increase/(Decrease) in net cash balance	(340,883)	(151,104)	274,431
Effects of foreign exchange rates changes on cash and cash equivalents	2,801	4,362	4,040
<b>Cash and cash equivalents at beginning of year</b>	<b>439,293</b>	<b>161,531</b>	<b>160,821</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>101,212</b>	<b>14,790</b>	<b>439,293</b>



**Ten Largest Shareholders***(at September 30, 2015)*

Musson Investments Limited	299,999
ATL Group Pension Fund Trustees Nominee Limited	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 September 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 September 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 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2014	Unaudited 3 months ended Sep. 2015	Unaudited 3 months ended Sep. 2014	Audited 12 months ended Dec. 2014
Net Profit being Total Comprehensive Income for the Period	41,776	39,688	19,249	10,053	51,176
No. of Shares Outstanding	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>
<b>EARNINGS PER SHARE</b>	<b>\$52.47</b>	<b>\$49.84</b>	<b>\$24.17</b>	<b>\$12.62</b>	<b>\$64.27</b>

#### 4. Cash and Cash Equivalents

	Unaudited 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2014	Audited 12 months ended Dec. 2014
Cash and bank balances	52,705	14,790	309,292
Term Deposits	134,250	-	210,499
	<hr/> 186,955	<hr/> 14,790	<hr/> 519,791
Less: Term deposits with maturity period in excess of ninety days	(79,806)	-	(79,806)
Less: Interest Receivable	(5,936)	-	(692)
	<hr/> 101,212	<hr/> 14,790	<hr/> 439,293