

This Prospectus is issued by Eppley Limited and is dated Wednesday 10 July 2013. A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on Wednesday 10 July 2013. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the FSC for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on Wednesday 10 July 2013. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

EPPLEY

L I M I T E D

218,999 SHARES FOR SUBSCRIPTION PRICED AT \$377 PER SHARE

The Company invites Applications for subscription for 218,999 Shares in the Invitation. 145,999 Shares in the Invitation are Reserved Shares that are initially reserved for priority application from the following persons: (a) 121,666 SHCL Reserved Shares for Stony Hill Capital Limited ("SHCL"), who has made the SHCL Loan to the Company and who has elected to convert a part of the SHCL Loan into Shares at the Invitation Price; and (b) 24,333 Group Reserved Shares for Eligible Directors and Staff of the Company and its Group, and Affiliates. All Shares in the Invitation inclusive of the Reserved Shares are priced at \$377 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them they will be available for subscription by the other Reserved Share Applicants and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

See Section 6.4 of this Prospectus for full terms and conditions of the Invitation.

An Application Form for use by all Applicants is provided at the end of this Prospectus together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the Opening Date, Monday 22 July 2013. Application Forms submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, Monday 29 July 2013 subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received; and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE at (www.jamstockex.com).

It is the intention of the Company to apply to the Jamaica Stock Exchange to list the Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the Shares will be listed. The making of the application by the Company, and its success, is dependent on (i) the ability of the Company to raise at least \$82 million in the Invitation from the subscription of Shares inclusive of the conversion of \$45.9 million of the aforesaid SHCL Loan by SHCL into Shares; and (ii) other criteria for admission set out in the JSE Rules. If the Shares in the Invitation are not fully subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

SHARE CAPITAL

Authorised share capital	800,000 Shares
Maximum to be issued by the Company in the Invitation, fully paid	218,999 Shares

CONSIDERATION

Total consideration assuming all Shares are fully subscribed:	
121,666 SHCL Reserved Shares at \$377	\$45,868,082
24,333 Staff Reserved Shares at \$377	\$ 9,173,541
73,000 Shares for the general public at \$377	<u>\$27,521,000</u>
Total Consideration	\$82,562,623

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SECTION 1: IMPORTANT DISCLAIMERS

RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company has signed this Prospectus for the purposes of their responsibilities as described herein. Such responsibilities are joint and several as contemplated by the Companies Act. See the signatures in Section 15 of this Prospectus.

CONTENTS OF THIS PROSPECTUS

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Board of Directors of the Company believe are accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 14. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document. The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

UNAUTHORISED REPRESENTATIONS

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus which is not contained in this Prospectus. Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

INVITATION MADE IN JAMAICA ONLY

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

APPLICATION TO SUBSCRIBE FOR SHARES

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that: (1) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6.4), and to gather and review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus; (2) no person connected with the Company has made any representation concerning the Company not contained in this Prospectus, on which the Applicant has relied in submitting their Application.

SECTION 2: SUMMARY OF KEY INFORMATION

ISSUER:	Eppley Limited
TOTAL SECURITIES:	218,999 Shares, inclusive of 145,999 Reserved Shares. Reserved Share Applicants: please see footnote* below for further information.
PRICE:	\$377 per Share payable in full on delivery of an Application.
APPLICATION:	See Appendix 1 of this Prospectus.
TERMS AND CONDITIONS:	See Section 6.4 of this Prospectus.
PAYMENT METHODS:	See paragraph 8 of Section 6.4 for full details.
TIMETABLE OF KEY DATES:	Registration and Publication of Prospectus: Wednesday 10 July 2013 Opening Date: Monday 22 July 2013 Closing Date: Monday 29 July 2013

APPLICATION FORMS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis. **

Confirmation of basis of Share Allotments: All Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) within 3 days after the Closing Date.

Refund Cheques: Available for collection from Proven within 10 working days of the Closing Date.

Final Allotment of Shares and Admission to Junior Market of JSE: Within 3 to 4 weeks of the Closing Date***.

* The Company invites Applications for subscription for 218,999 Shares in the Invitation. 145,999 Shares in the Invitation are Reserved Shares that are initially reserved for priority application from the following persons: (a) 121,666 SHCL Reserved Shares for SHCL, who has made the SHCL Loan to the Company and who has elected to convert a part of the SHCL Loan into Shares at the Invitation Price; and (b) 24,333 Group Reserved Shares for Eligible Directors and Staff of the Company and its Group, and Affiliates. All Shares in the Invitation inclusive of the Reserved Shares are priced at \$377 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them they will be available for subscription by the other Reserved Share Applicants and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

** The Invitation will open at 9:00 a.m. on the Opening Date, Monday 22 July 2013. Applications submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, Monday 29 July 2013 subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all Shares in the Invitation are received; and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE (www.jamstockex.com).

*** It is the intention of the Company to apply to the JSE to list the Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the Shares will be listed. The making of the application by the Company, and its success, is dependent on (i) the ability of the Company to raise \$82 million in the Invitation from subscriptions for Shares inclusive of the conversion of \$45.9 million of the aforesaid SHCL Loan by SHCL into Shares; and (ii) other criteria for admission set out in the JSE Rules. If the Shares in the Invitation are not fully subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

SECTION 3: CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS



10 July 2013

DEAR PROSPECTIVE INVESTORS,

The Board of Eppley Limited is pleased to invite you to apply for up to 218,999 Shares in the capital of the Company on the terms set out in this Prospectus.

ABOUT THE COMPANY

The Company manages a portfolio of loans, leases and other forms of commercial credit. In so doing, it provides a variety of credit products to corporate and professional customers.

In governing the affairs of the Company, the Board will seek to attain three objectives. First, to provide attractive pricing to our clients by offering credit products that it does not consider to be widely available in the marketplace. Second, to provide outstanding service to its customers by maintaining a lean organizational structure, engaging in common-sense credit practices and offering discrete and private transaction services. Finally, to employ an investing discipline and philosophy that delivers comparatively high risk adjusted returns to its shareholders on a consistent basis, the expertise in relation to which the Directors bring to the Company from their business and investing careers. Please read section 7 of this Prospectus for more information on the Company and its operations.

The Company is now seeking to raise \$82.6 million by inviting Applications for up to 218,999 Shares in the Invitation. Of those, 145,999 Shares are Reserved Shares for priority application from, and subscription by, Eligible Directors, senior managers and employees (as to 24,333 Staff Reserved Shares) and also, SHCL who has made the SHCL Loan to the Company and who has elected to convert \$45.9 million of the SHCL Loan into 121,666 Shares at the Invitation Price. All Shares inclusive of Reserved Shares are priced at the Invitation Price of \$377 each.

USE OF PROCEEDS

The Board intends to use the proceeds of the Invitation to fund credit facilities and to pay the expenses of the Invitation, which the Directors believe will not exceed \$7.5 million (inclusive of brokerage fees, legal fees, stamp duty fees, accountant's fees, Registrar's fees, filing fees, initial listing fees, marketing expenses, and GCT).

DIVIDEND POLICY

If the Invitation is successful and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 50% of its after-tax earnings to shareholders in the form of cash dividends subject to changes in the return-on-equity of the Company, its liquidity needs or changes in tax policy.

58 Half Way Tree Road, Kingston 10, Saint Andrew. Tel: 876-929-8451 Ext. 304 | Fax: 876-920-1458

Directors: Dr. N.L. Clarke (Chairman), M. Subratie (Deputy Chairman), N. Scott (Managing), S. Donaldson, B. Thompson, M. Rochester, K. Collister, A. Melville

HOW TO MAKE AN APPLICATION FOR SHARES

Those investors who are interested in subscribing for Shares should read this Prospectus in its entirety inclusive of the full terms and conditions of the Invitation set out in Section 6.4 and the Risk Factors in section 11 and then complete the Application set out in Appendix 1.

ON BEHALF OF THE BOARD OF EPPLEY LIMITED

Handwritten signature of Nigel A. L. Clarke in black ink, appearing as 'N. A. L. Clarke'.

NIGEL A. L. CLARKE, CHAIRMAN

SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

TERM	MEANING
ATL Pension	means ATL Pension Fund Trustees Nominee Limited, a company incorporated in Jamaica (no.) with its registered office at 19 Beechwood Avenue, Kingston
Act	means the Companies Act, 2004
Affiliates	has the meaning given to such term by the Act
Allotment	means the allotment of the Shares in the Invitation to successful Applicants by the Company
Applicant(s)	means a person (being an individual or a body corporate resident in Jamaica, whether a Reserved Share Applicant or a member of the general public) who submits an Application
Application(s)	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the shareholders of the Company on 30 June 2013, together with any amendments thereto
Audited Financial Information	means the figures set out in Section 10 that are extracted from the financial statements of the Company as audited by the Auditors, for each of the 5 annual reporting periods ended 31 December in the years 2008 to 2012 inclusive
Auditors	means PricewaterhouseCoopers the independent external auditor of the Company
Auditor's Report	means the independent report of the Auditor set out in Section 10, in relation to (1) the financial statements of the Company as at, and for the year ended, 31 December 2011; and/or (2) the Audited Financial Information
Board	means the Board of Directors of the Company
Company	means Eppley Limited, a company incorporated in Jamaica (number 11444) with its registered and principal office at 58 Half-way Tree Road, Kingston
Company Reserved Share(s)	means 24,333 Shares in the invitation that are initially reserved for application from, and subscription by, Eligible Directors and Staff of the Company and its Group and Affiliates
Closing Date	means the date on which the Invitation closes, being Monday 29 July 2013 at 4:00 p.m., subject to the right of the Company to shorten or extend the Closing Date in the circumstances described in this Prospectus
Director(s)	means a director of the Board of the Company whose name and details are set out in Section 8 of this Prospectus
Eligible Director(s)	means any Director who is not a director of a Founder

Forward Looking Statement(s)	means the forward looking statements referred to in Section 5 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein
FSC	means the Financial Services Commission of Jamaica of 39 Barbados Avenue, Kingston 5, Jamaica
Financial Information	means the Audited Financial Information and the Unaudited Financial Information
GCT	means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica
General Accident	means General Accident Insurance Company (Jamaica) Limited, a company incorporated in Jamaica (number 17,561) with its registered office at 58 Half Way Tree Road, Kingston 10, Jamaica, being an Affiliate of the Company
Group	means Musson and its subsidiary and associated companies (as such terms may be defined by the Act)
Invitation	means the invitation to subscribe for 218,999 Shares made by the Company to prospective investors inclusive of the Reserved Share Applicants, on the terms and conditions set out in this Prospectus
Invitation Price	means \$377 per Share or Reserved Share (as the case may be)
JCSD	means the Jamaica Central Securities Depository, a company incorporated in Jamaica (number 58658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
JSE	means the Jamaica Stock Exchange
Junior Market	means the Junior Market trading platform of the JSE established April 2009
Musson	means Musson (Jamaica) Limited, a company incorporated in Jamaica (no. 3917) with its registered office at 178 Spanish Town Road, Kingston, Jamaica
Musson Investments	means Musson Investments Limited, an international business company incorporated under the laws of Saint Lucia with its registered office at the offices of Corporate Services St. Lucia (1996) Limited, P.O. Box 195, Point Seraphine, Castries, St. Lucia being an Affiliate of the Company
Nominated Director	a director nominated to the Board of the Company in the circumstances described in section 7.5
Opening Date	means the date on which the Invitation opens, being 9:00 a.m. on Monday 22 July 2013
PricewaterhouseCoopers	means PricewaterhouseCoopers, chartered accountants, of Scotiabank Centre, corner of Duke and Port Royal Streets, Kingston
Pro Forma Financial Information	means the unaudited pro forma financial information that is set out in Section 10
Prospectus	means this document dated Wednesday 10 July 2013 which constitutes a prospectus for the purposes of the Companies Act, 2004 and the Securities Act

Proven	means Proven Wealth Limited, a company incorporated in Jamaica (no. 60429) with its registered office at 26 Belmont Road, Kingston 5, Jamaica
Registrar	means JCSD
Reserved Share(s)	means the SHCL Reserved Shares and the Group Reserved Shares and the term "Reserved Share(s)" shall include any one or more category of Reserved Share(s) where the context so requires
SHCL	Stony Hill Capital Limited, an international business company incorporated under the laws of Saint Lucia with its registered office at the offices of Corporate Services St. Lucia (1996) Limited, P.O. Box 195, Point Seraphine, Castries, St. Lucia being an Affiliate of the Company
SHCL Loan	means a US\$1.1m loan carrying interest at the rate of 6% provided to the Company by SHCL and evidenced by a promissory note dated 5 February 2013
SHCL Reserved Share(s)	means the 121,666 Shares in the Invitation that are reserved for priority application from SHCL, who has made a loan to the Company amounting to US\$1.10 million as at the date of the Prospectus, and who has elected to convert an amount equivalent to J\$45.9 million of such loan into Shares at the Invitation Price
Share(s)	means the ordinary shares in the capital of the Company inclusive of the 218,999 Shares in the Invitation and the expression "Shares" shall include Reserved Shares where the context so requires
Shareholder(s)	means holders of the Shares
Staff	means senior managers and employees
Terms and Conditions	means the terms and conditions of the Invitation set out in Section 6.4 of this Prospectus
Unaudited Financial Information	means the financial information set out in Section 10 of this Prospectus that has not been audited by PricewaterhouseCoopers, namely: (1) the financial information in respect of the 4 month period ended 30th April 2013 that is taken from the management accounts of the Company; and (2) the Pro Forma Financial Information
\$	means the Jamaican dollar unless otherwise indicated

SECTION 5: DISCLAIMER – FORWARD LOOKING STATEMENTS

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro forma financial information and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in this Prospectus for that purpose. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends", "considers", "pro forma", "forecast", "projection" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Shares to listing on the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made).

There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican and CARICOM regional economies, instability and volatility in domestic interest rates and regional and international exchange rates
- adverse climatic events and natural disasters
- unfavourable market receptiveness to renewals of current products, or any new products
- changes in any legislation or policy adversely affecting the recognition of revenues or expenses by the Company
- any other factor negatively impacting on the realisation of the assumptions on which the Company's pro forma financial statements or management financial projections are based
- other factors identified in this Prospectus
- factors as yet unknown to the Company

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

SECTION 6: THE INVITATION

6.1 GENERAL INFORMATION

Prospective investors should read this Prospectus carefully. Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in Section 6.4 before completing the Application set out in Appendix 1.

The Company invites Applications for up to 218,999 Shares in the Invitation. Of those Shares, up to 145,999 Shares are Reserved Shares. All Shares in the Invitation inclusive of the Reserved Shares are priced at \$377 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them they will be available for subscription by the other Reserved Share Applicants and thereafter, by the general public.

The Invitation will open at 9:00 a.m. on the Opening Date, Monday, 22 July 2013 and will close at 4:00 p.m. on the Closing Date, Monday, 29 July 2013 subject to the right of the Company to: (a) close the subscription list at any time after 9:00 a.m. on the Opening Date once Applications for all of the 218,999 Shares in the Invitation are received, and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Companies Act. In either case an informational notice will be posted on the website of the JSE - www.jamstockex.com

6.2 MINIMUM FUNDRAISING

For the purposes of the requirement for disclosure set out in section 48 of the Act, the minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is \$82 million.

6.3 USE OF PROCEEDS

The Company seeks to raise \$82.6 million by inviting Applications for subscription for up to 218,999 new Shares from prospective investors and the Reserved Share Applicants. The Board intends to use the proceeds of the Invitation in order to expand the capacity of the Company to provide credit facilities, and to pay the expenses of the Invitation, which the Directors believe will not exceed \$7.5 million (inclusive of brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and GCT) after payment of related expenses. See section 14 for further details.

6.4 TERMS AND CONDITIONS FOR ALL APPLICANTS

1. Status and Minimum Age of Applicants

Applicants must be at least 18 years old.

2. Application Form

All Applicants (whether Reserved Share Applicants, or members of the general public) must submit the Application provided at Appendix 1 to this Prospectus. Additionally, Reserved Share Applicants must specify their status on the Application and provide reasonably verifiable proof of their identity.

3. Reserved Shares

145,999 Reserved Shares in the Invitation are for priority application from, and allotment to, the following persons:

- SHCL (as to 121,666 Reserved Shares)
- Eligible Directors and staff of the Company, and the Affiliates (as to 24,333 Reserved Shares)

All Reserved Shares will be allotted on a first come first serve basis by the Directors of the Company, acting in their sole discretion. Any Reserved Shares not applied for in any category will become available for subscription by Reserved Share Applicants in the other categories and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

4. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation and any other terms and conditions set out in this Prospectus, including any terms and conditions set out in this Section 6 and the Application in Appendix 1.

5. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

- they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6.4), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- they have not relied on any person other than the Company and the Directors, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with their investigation of the accuracy of such information or their investment decision;
- no person connected with the Company has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application; and
- they have made their own assessment of the Company, and the merits and risks of subscribing for Shares, inclusive of taking advice (or waiving the need for such advice) in relation on the financial and legal implications of subscribing for Shares and the tax implications thereof.

6. Minimum Application

Applications from the general public must request a minimum of 20 Shares and be made in multiples of 10. Applications in other denominations will not be processed or accepted.

7. Share Price Information

All Shares inclusive of Reserved Shares are priced at the Invitation Price of J\$377 per Share.

JCSD Processing Fee Applies

A processing fee of \$110 per Application payable to the Registrar of the Company JCSD applies and is also payable by each Applicant – Applicants should remember to include the processing fee in their calculations of amounts payable to the Company.

8. How to Make Payments

All Applications must be accompanied by the appropriate payment in the form of either:

- a manager's cheque made payable to "Proven Wealth Limited", or

- (b) authorisation from the Applicant on the Application, instructing Proven to make payment from cleared funds held in an investment account in the Applicant's name at Proven, or
- (c) transfer in the Real Time Gross Settlement ("RTGS") system to Proven, in the case of payments of \$3 million or more.

All completed Applications must be delivered to Proven.

9. Early Applications and Order of Processing of Applications

Applications submitted to Proven in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, Monday, 22 July 2013. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

10. Company's Discretions as to Acceptance of Applications and Allotment of Shares

The Company may:

- (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;
- (b) allot Shares to Applicants on a basis to be determined by it in its sole discretion, including on a *pro rata* basis in the event the Invitation is oversubscribed; and
- (c) treat multiple Applications by any person (whether in individual or joint names) as a single Application.

11. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company and the terms and conditions set out in this Section 6.4 and the Prospectus generally.

12. When Invitation is Successful

If the Invitation is successful in raising \$82 million or more and the Shares are admitted to trade on the Junior Market, Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date (or the shortened or extended Closing Date, as the case may be). Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that Company does not raise at least \$82 million and/or the Shares are not admitted to trading on the on the Junior Market, all payments for Shares received from Applicants will be returned or refunded to the persons making them. Please note that the Company does not guarantee admission of the Shares to the Junior Market.

13. Refunds

The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to Proven within 7 working days after the Closing Date (or the shortened or extended Closing Date, as the case may be) or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to PROVEN for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that the \$110 processing fee will not be refunded to an Applicant in the event that the Company refunds payments received for Shares.

SECTION 7: INFORMATION ABOUT THE COMPANY

7.1 OVERVIEW OF OPERATIONS

The Company manages a portfolio of loans, leases and other forms of commercial credit. In so doing, it provides a variety of credit products to corporate and professional customers, including insurance premium financing, leases, commercial loans, and other forms of credit.

Insurance premium financing involves the financing of insurance premiums for personal and commercial lines insurance contracts, generally for periods of less than a year. Leasing involves the provision of finance lease arrangements for equipment, mostly motor vehicles, for commercial and professional clients. Commercial lending involves the provision of a variety of loans to businesses that in most instances differ in structure or collateral from loans the Directors consider to be widely available in the marketplace. While insurance premium financing has been the Company's main product since it was established in 1973 as Orrett and Musson Investment Company Limited, the Directors anticipate that commercial lending and leases will comprise an increasing share of the Company's business following the Invitation.

The Company aims to provide what it considers to be more attractively priced credit to its clients, with what it considers to be better service than what is currently available in the marketplace. It aims to do this by maintaining a lean and efficient organizational structure, making fast investment decisions based on common-sense credit standards and exercising strict confidentiality and privacy in its dealings.

The Company aims to deliver what it considers to be high and consistent risk-adjusted returns to its shareholders. It believes that commercial credit offers more attractive risk adjusted returns than other available fixed income investment alternatives, including Government of Jamaica debt. The Company aims to give its shareholders an ability to efficiently gain exposure to what it considers to be the favourable risk adjusted returns offered by commercial credit. In addition, the Company aims to deliver the vast majority of its after-tax earnings to shareholders in the form of cash dividends subject to its Dividend Policy, which may be revised by the Board from time-to-time.

The Company relies on the collective investing and business and experience of its Board to originate, evaluate and invest in credit opportunities. The Board also has the sole discretion to manage the affairs of the Company, subject to any limitations set out in the Articles and the Act for that purpose. As such, the Board will review the operations of the Company from time to time and determine, given the macroeconomic and regulatory environment, whether its product range, or any of the terms of the products it offers, or the business generally, requires amendment.

7.2 GROUP

The Company is an Affiliate of Musson Investments, its largest Shareholder. Musson Investments is a wholly owned subsidiary of Musson.

The Company is also an Affiliate of General Accident which provides the Company with the necessary infrastructure to monitor and manage its investments (on a non discretionary basis), and also provides it with ancillary administrative services such as I.T. systems, and human resource and payroll administration. In consideration for these services, General Accident receives an incentive based fee which is calculated as 20%

of the Company's average return on equity that is greater than 12% per annum (the payment is based on that part of such return on equity that is above 12% only). See section 7.10 for details.

7.3 APPLICABLE REGULATORY REGIME

The business of the Company is not regulated as at the date of the Prospectus.

7.4 TAXATION OF LISTED SHARES

As at the date of the Prospectus, transfers of any Shares on the JSE are exempt from transfer tax and stamp duty.

However, the Government has recently announced that dividends received by Jamaican resident Shareholders will be subject to a 15% rate of income tax as of 1 April 2013. The tax on dividends is to be withheld at source by the Company as a final tax.

Foreign resident Shareholders may be subject to lower or higher rates of income tax on any dividends they may receive. Foreign resident Shareholders will also have income tax on dividends withheld at source. The rate of such withholding will vary and may be lower or higher than that applicable to residents of Jamaica.

Each prospective Shareholder should consult with an independent adviser as to the rate of withholding and other taxes that is applicable to them.

7.5 DETAILS OF THE CAPITAL STRUCTURE OF THE COMPANY, THE SHARES IN THE INVITATION AND CERTAIN OTHER KEY PROVISIONS AFFECTING ITS GOVERNANCE AND BUSINESS

1. Capital Structure of the Company

As at the date of this Prospectus, the authorised capital of the Company was 800,000 shares of which 577,250 Shares are issued.

2. Shares in the Invitation

The Shares in the Invitation will be newly – issued Shares of the Company.

3. Dividend History

See section 13.1 for the dividend history of the Shares.

4. Recent Capital Reorganisation and Change of Name

At two extraordinary general meetings of the Company held recently on 28 May 2013 and 30 June 2013 the shareholders of the Company at the time, approved the following actions in respect of the capital structure of the Company:

- The increase of the authorized share capital of the Company from 300,000 to 800,000 ordinary shares
- Dis-application of any applicable pre-emption rights for the purposes of the Invitation
- The issue of the Shares in the Invitation
- The conversion of all fully paid Shares to stock on issue
- The change of the Company's name from Orrett and Musson Investment Company Limited to Eppley Limited.

5. Rights of Certain Shareholders to Appoint Nominated Directors to the Board of the Company

Pursuant to the provisions of the Article 79 of the Articles of Incorporation of the Company adopted by the Shareholders on 30 May 2013 following the entry by the Company and the Founder, Musson Investments into the Subscription and Shareholders' Agreement described in section 7.10 (Material Contracts) Musson Investments has the right to appoint 4 Nominated Directors, and each of General Accident, ATL Pension and SHLC and any further Shareholder holding 15% or more of the Issued Shares who enters into a Deed of Adherence to the Subscription and Shareholders' Agreement has a right to appoint one Nominated Director.

Musson Investments, General Accident, ATL Pension and SHCL, the latter having entered into a Deed of Adherence conditional on the conversion of the SHCL Loan in the Invitation, the full subscription of the Invitation and the admission of the Shares to the Junior Market, have undertaken to each other to vote their Shares to effect the appointments of the Nominated Directors. Their rights to appoint Nominated Directors include the right to remove such Nominated Directors and to appoint their respective Nominated Directors to Committees of the Board. Each of the same parties is liable to indemnify the Company for any loss it may suffer as a result of the acts of its respective Nominated Directors.

The right of ATL Pension to appoint a Nominated Director is linked to a non - competition clause in favour of the Company that is set out in the Subscription and Shareholders' Agreement. When ATL Pension declines to exercise its right to appoint a Nominated Director or ceases to have the right as a result of any decrease in its holding of Shares below 15% it shall no longer be bound by the provisions of the non – competition clause.

7.6 SHAREHOLDINGS IN THE COMPANY BEFORE AND AFTER THE INVITATION

As at Friday, 5 July 2013, the latest practicable date prior to publication of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES PRIOR TO THE INVITATION	% OF ISSUED SHARES PRIOR TO THE INVITATION
Musson Investments	299,999	51.97%
Estate of A.D. Blades	1	0.00%
General Accident	73,000	12.65%
ATL Pension	204,250	35.38%
Total	577,250	100.00%

After the Invitation is closed, and assuming that all of the Shares in the Invitation are taken up by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES AFTER THE CLOSING DATE OF THE INVITATION	% OF ISSUED SHARES AFTER THE CLOSING DATE OF THE INVITATION (ROUNDED)
Musson Investments	299,999	37.68%
Estate of A.D. Blades	1	0.00%
General Accident	73,000	9.17%
ATL Pension	204,250	25.65%
SHCL	121,666	15.28%
Eligible Directors and Staff of the Company and Affiliates	24,333	3.05%
General public	73,000	9.17%
Total	796,249	100.00%

7.7 APPLICABLE CERTIFICATIONS

As at Friday 5 July 2013, the latest practicable date prior to publication of this Prospectus, the Company has the following applicable certifications:

TYPE OF CERTIFICATE	BRIEF DETAILS
Tax Compliance Certificate	Certifies that the Company has satisfied applicable statutory requirements in respect of Income Tax (including P.A.Y.E.), General Consumption Tax, Special Consumption Tax, Education Tax, and also in respect of N.I.S., N.H.T. and H.E.A.R.T. Trust contributions for the period up to and ending 25 November 2013.
Companies Office Letter	Letter dated 8 May 2012 confirming that the Company was incorporated under the Act on 29 May 1973 and that it has, as of 8 May 2012, filed all outstanding documents required to be filed.

7.8 REAL AND INTELLECTUAL PROPERTY

As at Friday 5 July 2013, the latest practicable date prior to publication of this Prospectus, the Company has no interests in real and intellectual property save for the lease of its premises described in section 7.12 (Related Party arrangements) below.

7.9 MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its group with the following persons ("Counterparties" and each of

them a “Counterparty”) in the 2 years preceding Friday 5 July 2013, the latest practicable date prior to the publication of this Prospectus:

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
7 February 2013	Proven	1.0% of the value of the Invitation in the aggregate, exclusive of GCT and disbursements	Agreement appointing Proven as Lead Arranger and Sole Selling and Listing Agent to the Company in the Invitation. See section 13.1 for details.

The material contracts also include the related party arrangements described below. The material contracts (together with certain other documents) will be available for inspection as described in Section 14.

7.10 RELATED PARTY ARRANGEMENTS

The Company has recently entered into the following related party arrangements in the 2 years preceding Friday 5 July 2013, the latest practicable date prior to the publication of this Prospectus:

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
As of 1 June 2013	General Accident	20% of the average return on equity of the Company above 12%, payable annually in arrears based on the last audited accounts of the Company.	Agreement for the provision of investment administration and management (non – discretionary basis) services and certain other administrative and I.T. services by General Accident. Under the Agreement, General Accident also provides the Company with a lease of its premises.
29 May 2013	Musson Investments, General Accident, ATL Pension, the Company	\$104.5 million	Subscription and Shareholders’ Agreement under which each of General Accident and ATL Pension subscribed for 73,000 Shares and 204,250 Shares respectively, each such Share having been subscribed at a price equivalent to the Invitation Price. The agreement also provides for the rights of each of Musson Investments, General Accident, ATL Pension and any other Shareholder holding 15% or more of the issued Shares who enters into a Deed of Adherence to appoint Nominated Directors as described in section 7.5, above.
5 February 2013	SHLC	US\$1,100,000 (principal)	Unsecured loan bearing interest at the rate of 6%. Interest is payable monthly and the principal amount is repayable no later than 13 months following disbursement on 5 February 2013. \$45,868,082 will be converted into the SHLC Reserved Shares (121,66 Shares) in the Invitation.
1 November 2012	General Accident	\$50,000,000 (principal)	Unsecured loan bearing interest at the rate of 5.25%. Interest is payable monthly. The principal balance has now been repaid.

31 March 2012	Seprod Limited	US\$3,000,000	Unsecured loan bearing interest at the rate of 9%. Interest is payable monthly. The principal balance has now been repaid.
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7.11 LITIGATION

As at Friday 5 July 2013, the latest practicable date prior to publication of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

7.12 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

As at Friday 5 July 2013, the latest practicable date prior to publication of this Prospectus, there were no charges (within the meaning of section 93 of the Companies Act) registered against the public file of the Company maintained by the Companies Office of Jamaica.

7.13 DIVIDEND POLICY

If the Invitation is fully subscribed by Applicants inclusive of SHLC for the purposes of the conversion of the SHLC Loan into Shares at the Invitation Price, and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 50% of its after-tax earnings to shareholders in the form of cash dividends. The Board may change this dividend policy from time-to-time as a result of changes in the return-on-equity of the Company, its liquidity needs or material changes in tax policy affecting the business among other things.

SECTION 8: BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

Brief biographical details of the Directors and Managers of the Company appear below. The Directors' residential addresses are set out in Section 13.1 and all of them may be contacted for business purposes at the registered office of the Company.

NIGEL L. CLARKE, CHAIRMAN

Nigel Clarke is the Chairman of the Company and a Nominated Director of Musson Investments on the Board and the Investment Committee. Dr. Clarke is also the Chief Operating Officer of the Musson group of companies and the Chief Executive Officer of one of its principal subsidiaries, Facey Group Limited. He also serves as a director of many of the Musson group's subsidiaries including Facey Group Limited, T. Geddes Grant Distributors Limited and General Accident, as well as Musson's affiliated companies including Seprod Limited. Prior to his return to Jamaica in 1999, Dr. Clarke worked as an Equity Derivatives Trader at Goldman Sachs in London, England.

He is currently Chairman of the National Youth Orchestra of Jamaica and is the former Chairman of the H.E.A.R.T. Trust. He is also a former Vice President of the Private Sector Organization of Jamaica and a former director of the Bank of Jamaica, the National Commercial Bank (Jamaica) Limited, Desnoes & Geddes Limited, and Jamaica Broilers Limited.

Dr. Clarke holds a B.Sc. in Mathematics from the University of the West Indies, as well as a M.Sc. from Oxford University and a D.Phil. from Oxford University of the United Kingdom. In his academic career he has been selected as a Jamaica Independence Scholar (for the purposes of his studies at the University of the West Indies) and a Commonwealth Scholar and Rhodes Scholar (for the purposes of his studies at Oxford University).

MELANIE SUBRATIE, VICE CHAIRMAN

Melanie Subratie is the Vice Chairman of the Company and a Nominated Director of Musson Investments on the Board and the Chairman of the Investment Committee.

Mrs. Subratie is also Vice Chairman of Musson (Jamaica) Limited and she is also a director of many of its principal subsidiaries and affiliates inclusive of General Accident, Facey Group Limited and Seprod Limited.

Mrs. Subratie holds a B.Sc. (Hons) from the London School of Economics. She began her career in the United Kingdom in the Financial Services Division of Deloitte & Touche and also worked for startup political newswire service DeHavilland prior to returning to Jamaica in 2002 and joining the Musson board at that time with responsibility for Business Development.

NICHOLAS A. SCOTT, MANAGING DIRECTOR

Nicholas Scott is the Managing Director of the Company and a Nominated Director of Musson Investments on the Board and the member of the Investment Committee of the Board. Mr. Scott is also the Chief Investment Officer of the Investment and Financial Services businesses of the Musson group of companies. In this capacity he manages billions of investment assets and executes a variety of financial transactions on behalf of Musson and certain of its subsidiaries including General Accident. Mr. Scott is also a director of General Accident and Seprod Limited.

Mr. Scott returned to Jamaica in 2009 after working as a private equity investor and investment banker at the Blackstone Group and Morgan Stanley in New York and Brazil. Mr. Scott is a director of the IWC Opportunity Fund I and Jake's Holdings Limited. He is a former Vice-President of the Private Sector Organization of Jamaica and also, a former director of the H.E.A.R.T. Trust.

Mr. Scott holds a B.Sc. in Economics (Magna Cum Laude) from the Wharton School at the University of Pennsylvania, an M.B.A (Beta Gamma Sigma) from Columbia Business School and an M.P.A. from the Harvard Kennedy School of Government.

SHARON DONALDSON, NON-EXECUTIVE DIRECTOR

Sharon Donaldson is a Non-Executive Director of the Company, and a Nominated Director of General Accident on the Board and the Audit Committee and Investment Committee. She is currently the Managing Director of General Accident and was formerly Managing Director of the Company. In addition, Ms. Donaldson is a director of Musson and a director of the Board of Paramount Trading Limited, a company that listed on the Junior Market of the JSE at the end of 2012.

Ms. Donaldson holds an LL.B from the University of London, England, an M.B.A from University of Wales. She is a Chartered Accountant, a fellow member of the Institute of Chartered Accounts of Jamaica and an attorney – at - law. She is also a past president of the Jamaica Netball Association.

KEITH COLLISTER, NON-EXECUTIVE DIRECTOR

Keith Collister is a Non-Executive Director of the Company and the Nominated Director of ATL Pension on the Board and certain committees. Mr. Collister is currently the Director for Special Projects in the Finance and Planning Division of the Sandals Group and Chairman of the Appliance Traders Limited Pension Fund. Mr. Collister holds an M.A. in Economics from Cambridge University, a Diploma in Accounting and Finance from the London School of Economics and an M.B.A. in International Banking and Finance from Birmingham Business School. He is a Director of the Jamaica Chamber of Commerce and a Member of the Private Sector Organization of Jamaica's Economic Policy Committee. He is also a Financial Columnist for the Daily Observer.

BYRON THOMPSON, INDEPENDENT NON-EXECUTIVE DIRECTOR

Byron Thompson is an Independent Non - Executive Director of the Company and a Nominated Director of Musson on the Board.

Mr. Thompson is the Chief Executive Officer and Managing Director of Seprod Limited. He is also a director of the Customs Brokers Licensing Authority, the Jamaica Manufacturers' Association and the Jamaica Cane Products Services Limited.

He holds a Bachelor's Degree in Chemistry and Geology from the University of the West Indies and an MBA from Barry University.

MAXIM ROCHESTER, MENTOR AND INDEPENDENT NON – EXECUTIVE DIRECTOR

Maxim Rochester is a Mentor to the Board of the Company for the purposes of the Junior Market Rules. In that capacity, he is responsible for ensuring that the Company has adequate procedures, systems and controls for financial reporting, compliance with Junior Market Rules,

and corporate governance generally. Mr. Rochester is also an Independent Non – Executive Director of the Company and Chairman of the Audit Committee of the Board. In addition, Mr. Rochester acts as the Mentor of General Accident, which listed on the Junior Market in the autumn of 2011.

Mr. Rochester is the former Territory Partner at PricewaterhouseCoopers, Jamaica responsible for quality and delivery of the audit of the financial statements of several major companies. Mr. Rochester worked extensively in the banking and insurance sectors and in the role of manager and engagement leader for the purposes of regulated entities’ audits. Mr. Rochester holds a B.Sc. (Accounting) as well as the FCA, FCCA designations. He is also a member of the Chartered Association of Certified Accountants (UK) and the Institute of Chartered Accountants of Jamaica. He served as a member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica and played a significant role in the adoption of the International Financial Reporting Standards in Jamaica.

ALEXANDER MELVILLE, INDEPENDENT NON – EXECUTIVE DIRECTOR

Alexander Melville is an independent non – executive Director of the Company and a member of both the Audit Committee and the Remuneration Committee of the Board. Mr. Melville is the Chief Executive Officer of the Chukka Caribbean Adventures group of companies, an adventure and nature adventure excursion operator, which provides services in Jamaica, Belize, the Turks and Caicos Islands. He is also a director of several Chukka Group entities, and of Tropical Battery Limited of Jamaica, another Melville family concern.

Mr. Melville attended Georgia State University to study actuarial science and finance, and Palm Beach Community College where he studied mathematics and business.

8.2 DIRECTORS’ INTERESTS IN ORDINARY SHARES

The Directors’ interests in the Shares of the Company (including legal and beneficial holdings) as at Friday 5 July 2013, the latest practicable date prior to the publication of this Prospectus, are set out below:

NAME OF DIRECTOR	INTERESTS IN SHARES BEFORE OPENING DATE OF INVITATION
Melanie Subratie	Interest in Musson Investments

Save as set out above, no Director or senior Manager receives Shares, or options in respect of Shares, in consideration of the services rendered by him or her to the Company. Please note however that the Eligible Directors and Staff of the Company are eligible to apply for Company Reserved Shares in the Invitation.

8.3 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has 3 committees. The members of each committee of the Board and are as follows:

Audit Committee	Remuneration Committee
Maxim Rochester (Independent Chairman)	Jennifer Scott <i>See note*</i> (Chairman)
Melanie Subratie (Member)	Maxim Rochester (Independent Member)
Alexander Melville (Independent Member)	Alexander Melville (Independent Member)

Investment Committee
Melanie Subratie (Chairman)
Dr. Nigel A. L. Clarke (Member)
Nicholas Scott (Member)
Sharon Donaldson (Member)
Keith Collister (Member)
Jennifer Scott <i>See note*</i>

Note* - to join as Member on conversion of SHCL loan, entry by SHCL and admission of the Shares to trading on the JSE).

8.3 DIRECTORS' FEES

Certain of the Directors receive fees in the amount of \$20,000 exclusive of General Consumption Tax for attending each meeting of the Board or a Committee. These arrangements are also subject to the review and approval of the Compensation Committee.

SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

Review of Audited Financial Information

In the period represented by the Audited Financial Information, the Company has grown its average operating assets. Operating assets consist primarily of loans and leases, but also include investment securities and cash. Average operating assets grew in every year in the 5 - year period from 2008 – 2012, at a cumulative average growth rate of 19%. The Directors consider that such growth has resulted from both the steady expansion of its insurance premium financing business as well as the more sporadic growth of the corporate lending activities it has thus far undertaken, which the Board now proposes to expand using the net proceeds of the Invitation after payment of related expenses.

The Directors also consider an important driver of the Company's recent profitability to be the difference between the rates at which it is able to originate loans (referred to in the table below as the Average return on operating assets), less the rates at which it finances the business (referred to in the table below as the Average cost of operating liabilities), historically from private lenders. The Directors refer to this metric as the "average net interest income spread" of the Company.

The Company's average return on operating assets, which provides an indicator of the rates at which it is able to lend, has fallen from 28% in 2008 to 15% in 2012. This reduction has occurred at a slower pace than the reduction of interest rates in Jamaica more generally. For example, rates on Bank Of Jamaica 30 day certificates of deposit, which were 13.3% in 2007 and 24.5% in 2008, now approximate 5.75%. At the same time, the Directors note that the average cost of the Company's operating liabilities, an indicator of the rates at which it is able to borrow, had not declined as rapidly. As a consequence, the average net income spread has tightened from 15% in 2008 to 8% in 2012.

	Audited 2012 \$'000	Audited 2011 \$'000	Audited 2010 \$'000	Audited 2009 \$'000	Audited 2008 \$'000
Average operating assets	542,283	525,737	492,033	491,408	271,389
Interest income	79,342	87,879	130,459	138,782	75,971
<i>Average return on operating assets</i>	<u>15%</u>	<u>17%</u>	<u>27%</u>	<u>28%</u>	<u>28%</u>
Average operating liabilities	411,218	408,334	374,806	376,388	207,758
Interest expense	29,381	29,720	45,134	51,143	26,836
<i>Average cost of operating liabilities</i>	<u>7%</u>	<u>7%</u>	<u>12%</u>	<u>14%</u>	<u>13%</u>
<i>Average net interest income spread</i>	8%	9%	14%	15%	15%
<i>Growth in operating assets</i>	3%	7%	0%	83%	159%
<i>Growth in operating liabilities</i>	<u>1%</u>	<u>9%</u>	<u>0%</u>	<u>81%</u>	<u>252%</u>

Since 2008, the Company's expenses have increased as the size of its credit business has expanded, and its interest income spreads have tightened. Included in the Company's expenses are provisions for doubtful debts. The Directors note that, while the Company has experienced only negligible provisions for doubtful debts in its insurance premium financing portfolio, its provisions for doubtful debts are larger in respect of the Company's portfolio of corporate and consumer loans. The Directors consider that the provisions for such

loans fluctuate with the credit cycle. In the last 5 financial years, the Company's provisions for doubtful debt have varied between 0% and 4% of its average operating assets.

	Audited 2012 \$'000	Audited 2011 \$'000	Audited 2010 \$'000	Audited 2009 \$'000	Audited 2008 \$'000
Administrative expenses	36,292	17,937	39,023	18,709	13,170
Net investment income	49,961	58,754	85,710	88,109	49,470
<i>Administrative expenses, % of net investment income</i>	<i>73%</i>	<i>31%</i>	<i>46%</i>	<i>21%</i>	<i>27%</i>
Provisions for doubtful debt	7,393	(2,025)	20,649	1,087	-
<i>Provisions for doubtful debt, % of average operating assets</i>	<i>1%</i>	<i>0%</i>	<i>4%</i>	<i>0%</i>	<i>0%</i>

We measure returns to Shareholders by adding the growth in our shareholders' equity and the payment of dividends. At the beginning of the 2008 financial year, shareholders equity amounted to \$36.4 million. Since then, shareholders' equity has grown by \$64.6 million and the Company has paid \$90.0 million in dividends. In the 5 years ended 2012, the Company's cumulative average shareholder return was 32%.

	Audited 2012 \$'000	Audited 2011 \$'000	Audited 2010 \$'000	Audited 2009 \$'000	Audited 2008 \$'000
Dividends paid	-	20,000	70,000	-	-
Increase in total shareholders' equity	15,062	30,352	(60,697)	49,468	30,487
Total return to shareholders	15,062	50,352	9,303	49,468	30,487
Previous year total shareholders' equity	86,039	55,687	116,384	66,916	36,429
<i>Total return to shareholders, % of total shareholders' equity</i>	<i>18%</i>	<i>90%</i>	<i>8%</i>	<i>74%</i>	<i>84%</i>
<i>Cumulative average since 2008</i>	<i>32%</i>				

Review of Unaudited Financial Information

In the 4 - month period 1 January – 30 April 2013 represented by the Unaudited Financial Information, the majority of the Company's related party assets and related party borrowings were settled. As a result, the Company's loan receivables fell from \$413.5 million at the end of the 4 - month period ended 30 April 2012 to \$48.5 million for the 4 - month period ended 30 April 2013 principally because of a repayment large related party loan receivable. These proceeds were used to repay the Company's borrowings, which fell from \$384.6 million at 30 April 2012 to \$130.4 million at 30 April 2013. The Company also borrowed from SHCL in the amount of US\$1.1 million. These transactions also had the net effect of removing significant related party assets and related party borrowings from the Company's balance sheet, decreasing its liabilities and significantly increasing its liquidity in anticipation of the Invitation. The sum of the Company's cash and deposits was \$115.5 million higher on 30 April 2013 compared to 30 April 2012. In keeping with its business strategy the Company began its lease operations late in the first quarter of 2013 and recorded lease receivables of \$18.7 million as at 30 April 2013.

The Company's net investment income declined to \$14.9 million in the 4 - months ended 30 April 2013 compared to \$16.1 million in the 4 - months ended 30 April 2012. This was a result of increased holdings of

lower yielding cash and marketable securities in the period. The Company's other operating income increased significantly, mainly as a result of foreign exchange gains on its holdings of hard currency. As a result, its profit before after tax increased from \$7.0 in the 4 - months ended 30 April 2012 to \$12.1 in the 4 - months ended 30 April 2013.

SECTION 10: AUDITORS' REPORT AND FINANCIAL INFORMATION



Independent Auditors' Report

To the Board of Directors of
Orrett and Musson Investment Company Limited

Report on Summarised Financial Statements

The accompanying summarised financial statements titled "Audited Financial Information" set out on pages 31 to 67 have been derived from the financial statements of Orrett and Musson Investment Company Limited (the Company) as at, and for the financial year ends, referred to in the table below.

The accompanying summarised financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the following financial statements as at and for the financial year ends detailed in the table below, from which these summarised combined financial statements were derived. These audits were conducted in accordance with International Standards on Auditing. In our reports, dated as indicated in the table below, we expressed unqualified opinions on the financial statements from which the summarised financial statements were derived.

<i>Year End</i>	<i>Audit Report Date</i>
31 December 2008	22 June 2009
31 December 2009	5 May 2010
31 December 2010	10 June 2011
31 December 2011	20 July 2012
31 December 2012	17 June 2013

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Emphasis of Matter

We draw your attention to the following:

- (i) The audited financial statements for the year ended 31 December 2010 contained restatements to correct errors in the classification of certain assets and liabilities included in the statement of financial position as at 31 December 2008 and 2009. These reclassifications had no impact on the statement of comprehensive income for the years ended 31 December 2008 and 2009.
- (ii) The summarised combined financial statements are not a complete set of financial statements, with all the required disclosures of International Financial Reporting Standards. For a better understanding of the Company's financial position and the results of operations for the periods presented, and of the scope of the related audits, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit reports thereon.

We have not qualified our opinion in relation to the above matters.

Opinion

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

PricewaterhouseCoopers

Chartered Accountants

10 July 2013
Kingston, Jamaica

AUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Ltd

Statement of Financial Position

December 31, 2012

(expressed in Jamaican dollars)

	2012	2011	2010	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and deposits	3,361	6,513	15,621	28,035	2,271
Taxation recoverable	22	1,181	-	-	-
Other receivables	-	19	-	688	421
Insurance premium financing receivables	58,662	170,089	66,993	61,418	56,443
Loans receivable	399,197	446,743	345,514	466,484	368,165
Lease receivable	-	-	-	-	-
Investment securities	-	-	4,530	4,145	3,675
Property, plant and equipment	2,108	2,651	3,132	2,512	651
Intangible assets	-	-	943	-	-
Total assets	<u>463,350</u>	<u>627,196</u>	<u>436,733</u>	<u>563,282</u>	<u>431,626</u>
LIABILITIES					
Due to related parties	1,653	9,513	46,686	12,901	22,405
Taxation payable	3,707	9,080	29,144	14,457	10,776
Deferred taxation	207	1,339	372	13,369	1,098
Borrowings	345,820	465,449	295,019	395,005	322,465
Other liabilities	10,862	55,776	9,825	11,166	7,966
Total liabilities	<u>362,249</u>	<u>541,157</u>	<u>381,046</u>	<u>446,898</u>	<u>364,710</u>
SHAREHOLDERS' EQUITY					
Share capital	300	300	300	300	300
Retained earnings	100,801	85,739	55,387	116,084	66,616
Total shareholders' equity	<u>101,101</u>	<u>86,039</u>	<u>55,687</u>	<u>116,384</u>	<u>66,916</u>
TOTAL LIABILITIES AND EQUITY	<u><u>463,350</u></u>	<u><u>627,196</u></u>	<u><u>436,733</u></u>	<u><u>563,282</u></u>	<u><u>431,626</u></u>

AUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Ltd

Statement of Comprehensive Income

December 31, 2012

(expressed in Jamaican dollars)

	2012	2011	2010	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	79,342	87,879	130,459	138,782	75,971
Interest expense	(29,381)	(29,720)	(45,134)	(51,143)	(26,836)
Net interest income	<u>49,961</u>	<u>58,159</u>	<u>85,325</u>	<u>87,639</u>	<u>49,135</u>
Realised gain on revaluation of Unit Trust Fund	-	595	385	470	335
Net investment income	<u>49,961</u>	<u>58,754</u>	<u>85,710</u>	<u>88,109</u>	<u>49,470</u>
Other operating income / (expenses)	10,195	2,715	(939)	6,223	8,151
Administrative expenses	<u>(36,292)</u>	<u>(17,937)</u>	<u>(39,023)</u>	<u>(18,709)</u>	<u>(13,170)</u>
Profit before taxation	<u>23,864</u>	<u>43,532</u>	<u>45,748</u>	<u>75,623</u>	<u>44,451</u>
Taxation	<u>(8,802)</u>	<u>(13,180)</u>	<u>(16,445)</u>	<u>(26,155)</u>	<u>(8,802)</u>
Net profit, being total comprehensive income for the Year	<u><u>15,062</u></u>	<u><u>30,352</u></u>	<u><u>29,303</u></u>	<u><u>49,468</u></u>	<u><u>15,062</u></u>



**Orrett and Musson Investment Company
Limited**

Financial Statements

31 December 2012

Orrett and Musson Investment Company Limited

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31 December 2012

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Independent Auditors' Report

To the Members of
Orrett and Musson Investment Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Orrett and Musson Investment Company Limited, set out on pages 1 to 31, which comprise the statement of financial position as at 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 judgment, 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 of financial statements that give a true and fair view 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 management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm



Members of Orrett and Musson Investment Company Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Orrett and Musson Investment Company Limited as at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
17 June 2013
Kingston, Jamaica

Orrett and Musson Investment Company Limited

Statement of Comprehensive Income

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
Net Investment Income			
Interest income	7	79,342	87,879
Interest expense		<u>(29,381)</u>	<u>(29,720)</u>
Net interest income		49,961	58,159
Realised gain on revaluation of Unit Trust Fund		<u>-</u>	<u>595</u>
Net investment income		49,961	58,754
Other operating income	8	10,195	2,715
Administrative expenses	9	<u>(36,292)</u>	<u>(17,937)</u>
Profit before Taxation		23,864	43,532
Taxation	11	<u>(8,802)</u>	<u>(13,180)</u>
Net Profit, being Total Comprehensive Income for the Year		<u><u>15,062</u></u>	<u><u>30,352</u></u>

Orrett and Musson Investment Company Limited

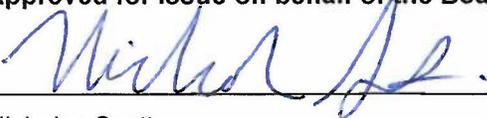
Statement of Financial Position

31 December 2012

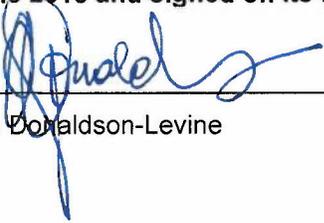
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
ASSETS			
Cash and deposits	12	3,361	6,513
Taxation recoverable		22	1,181
Other receivables		-	19
Insurance premium financing receivables	13	58,662	170,089
Loans receivable	14	399,197	446,743
Property, plant and equipment	15	<u>2,108</u>	<u>2,651</u>
Total assets		<u><u>463,350</u></u>	<u><u>627,196</u></u>
LIABILITIES			
Due to related parties	16	1,653	9,513
Taxation payable		3,707	9,080
Deferred taxation	17	207	1,339
Borrowings	18	345,820	465,449
Other liabilities	19	<u>10,862</u>	<u>55,776</u>
Total liabilities		<u><u>362,249</u></u>	<u><u>541,157</u></u>
SHAREHOLDERS' EQUITY			
Share capital	20	300	300
Retained earnings		<u>100,801</u>	<u>85,739</u>
Total shareholders' equity		<u><u>101,101</u></u>	<u><u>86,039</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>463,350</u></u>	<u><u>627,196</u></u>

Approved for issue on behalf of the Board of Directors on 17 June 2013 and signed on its behalf by:



 Nicholas Scott Director



 Sharon Donaldson-Levine Director

Orrett and Musson Investment Company Limited

Statement of Changes in Equity

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2011	300	55,387	55,687
Total comprehensive income for the year	-	30,352	30,352
Balance at 31 December 2011	300	85,739	86,039
Total comprehensive income for the year	-	15,062	15,062
Balance at 31 December 2012	300	100,801	101,101

Orrett and Musson Investment Company Limited

Statement of Cash Flows

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities		
Net profit	15,062	30,352
Adjustments for:		
Depreciation	321	495
Gain on disposal of property, plant and equipment and intangible assets	(120)	(236)
Interest income	(79,342)	(87,879)
Interest expense	29,381	29,720
Realised gain on Unit Trust Fund	-	(595)
Exchange (gains)/losses on foreign balances	(24,272)	2,817
Taxation	8,802	13,180
	<u>(50,168)</u>	<u>(12,146)</u>
Changes in non-cash working capital components:		
Other receivables	19	(19)
Insurance premium financing receivables	111,427	(103,096)
Loan receivables	26,494	(156,651)
Interest received	100,394	143,301
Other liabilities	(44,914)	45,951
Due to related parties	<u>(7,860)</u>	<u>(17,173)</u>
	135,392	(99,833)
Taxation paid	(14,148)	(33,458)
Interest paid	<u>(29,381)</u>	<u>(29,720)</u>
Net cash provided by/(used in) operating activities	<u>91,863</u>	<u>(163,011)</u>
Cash Flows from Investing Activities		
Additions to property, plant & equipment	(158)	(14)
Proceeds from sale of property, plant and equipment	500	-
Proceeds from return of intangible assets to the vendor	-	1,179
Proceeds from sale of investment	<u>-</u>	<u>5,125</u>
Net cash provided by investing activities carried forward	<u>342</u>	<u>6,290</u>

Orrett and Musson Investment Company Limited

Statement of Cash Flows (Continued)

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	2012 \$'000	2011 \$'000
Net cash provided by investing activities carried forward	342	6,290
Cash Flows from Financing Activities		
Loans received	63,434	443,904
Loans repaid	(158,689)	(276,301)
Dividends paid	-	(20,000)
Net cash (used in)/provided by financing activities	(95,255)	147,603
Decrease in net cash balances	(3,050)	(9,118)
Effects of foreign exchange rates changes on cash and cash equivalents	(102)	10
Cash and cash equivalents at beginning of year	6,513	15,621
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 12)	<u>3,361</u>	<u>6,513</u>

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Orrett and Musson Investment Company Limited (the company) 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 company was a wholly owned subsidiary of General Accident Insurance Company Limited until August 2011, when it was sold to Musson Investment Limited a wholly owned subsidiary of ultimate parent Musson (Jamaica) Limited. The principal activity of the company is insurance premium and loan financing.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in 2012 which are relevant to the company's operations

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year and are relevant to the company's operations. The adoption of these new pronouncements has impacted the company as discussed below.

IFRS 7, (Amendment) 'Financial Instruments: Disclosures' (effective 1 July 2011). This amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The company has adopted the amendment effective 1 January 2012, however there was no impact on the entity's disclosures.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2012 which are relevant to the company's operations (continued)

Certain other pronouncements are mandatory for the current and future accounting periods but are not immediately relevant to the company's operations. Their adoption has had no significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements

Accounting pronouncements that are not yet effective, and have not been early adopted

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the company's accounting periods beginning on or after 1 January 2012 or later periods, but were not effective at the date of the statement of financial position, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IAS 1 (Amendment), 'Presentation of financial statements' (effective 1 July 2012). This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The company will adopt the amendments from 1 January 2013.

IFRS 9, 'Financial instruments' (effective 1 January 2015). The standard introduces new requirements for the classification and measurement of financial assets and liabilities and is effective from 1 January 2015 with early adoption permitted. The standard divides all financial assets and liabilities that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. This standard is a work in progress and will eventually replace IAS 39 in its entirety. Management is currently assessing the impact this may have on the company.

IFRS 11, 'Joint arrangements,' (effective 1 January 2013). The standard gives a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair Value Measurement', (effective 1 July 2013). This standard, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The company will adopt the standard from 1 January 2014.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue represents interest income earned on insurance premium and loan financing and investments.

Interest income

Interest income is recognised in the statement of comprehensive income on a time proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate and continues unwinding the discount as interest income.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the company's functional currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Financial instruments

Financial instruments carried on the statement of financial position include insurance premium financing receivables, loans receivable, other receivables, cash and deposits, borrowings, due to related parties and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair value of the company's financial instruments is discussed in Note 6.

(e) Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks and bank overdraft.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Insurance premium financing receivables

Insurance premium financing (IPF) receivables are non-derivative financial assets with fixed or determinable payments. They are initially recorded at fair value, which is the cash given to originate the receivable including transaction costs, and subsequently measured at amortised cost less provision for impairment of these receivables.

(g) Loans receivable

Loans are recognised when the cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

A provision for bad debts is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for bad debt to its estimated recoverable amount, which is the present value of the expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

(h) Investments

Investments are classified as financial assets at fair value through profit or loss. Management determines the appropriate classification of investments at the time of purchase. Purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or designated at fair value through profit or loss at inception. The company has designated certain of its equity securities at fair value through profit or loss as they are managed and their performance evaluated on a fair value basis.

Investments classified as financial assets at fair value through profit or loss, are initially recognised at fair value with all transaction costs incurred being expensed in the statement of comprehensive income. Investments at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of investments at fair value through the profit or loss are presented in investment income in the statement of comprehensive income.

The company assesses at each year end whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. For the company's investments, the recoverable amount is determined by reference to the quoted bid price at the date of the statement of financial position.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant & equipment

Property, plant & equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on the straight line method at rates estimated to write off the assets over their expected useful lives as follows:

Furniture, fixtures and equipment	10%
Motor Vehicles	20%

Property, plant & equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining profit before taxation. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.

(j) Intangible assets

Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life, which is four years.

(k) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(l) Receivables

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision 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 the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

(m) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

(n) Accounts payable

Payables are recognised at fair value and subsequently measured at amortised cost.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(o) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income, except where they relate to items recorded in shareholders' equity, in which case they are charged or credited to equity.

(i) *Current taxation*

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at year end, and any adjustment to tax payable and tax losses in respect of the previous years

(ii) *Deferred income taxes*

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(p) Employee benefits

(i) *Pension obligations*

The company participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors Limited) Limited. A defined contribution pension plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the company are recorded as an expense in the statement of comprehensive income.

(ii) *Accrued vacation*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end.

(iii) *Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) *Profit-sharing and bonus plan*

The company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(q) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) *Impairment losses on insurance premium financing and loans*

The company reviews its insurance premium and loan portfolios to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the accounts outstanding. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets of the borrower. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) *Income taxes*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the insurance premium financing receivables, loans receivable and cash and deposits. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Senior management personnel meet on a monthly basis to discuss an analysis of the ability of customers and other counterparties to meet repayment obligations.

(i) Insurance premium financing and loans receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to the company offering loan facilities. Customers are required to provide a letter of guarantee and proof of collateral to be held as security.

(ii) Cash and deposits

The company limits its exposure to credit risk by placing cash and deposits with counterparties that have high credit quality and on terms that allow for high levels of liquidity. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The company's maximum exposure to credit risk at year end was as follows:

	2012	2011
	\$'000	\$'000
Cash and deposits	3,361	6,513
Insurance premium financing receivables	58,662	170,089
Loans receivable	399,197	446,743
	<u>461,220</u>	<u>623,345</u>

The above table represents a worst case scenario of credit risk exposure to the company at 31 December 2012 and 2011.

Insurance premium financing receivables

IPF receivables that are less than 90 days past due and for which the related insurance policies are still in force, are not considered impaired. There are no IPF receivables that are past due but not considered impaired.

As of 31 December 2012, IPF receivables of \$2,485,000 (2011 – \$4,762,000) were impaired and have been fully provided for. These receivables were in arrears for over 90 days and the related insurance policies had expired.

The movement on the provision for impairment of IPF Receivables was as follows:

	2012	2011
	\$'000	\$'000
At 1 January	4,762	8,090
Provision for doubtful debts	-	4,222
Unused amounts reversed	(536)	(7,550)
Bad debts written off	(1,741)	-
At 31 December	<u>2,485</u>	<u>4,762</u>

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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4. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans receivable

Loans receivables that are less than 90 days past due and those for which adequate collateral is in place, are not considered impaired. The ageing analysis of loans receivable that are past due but not considered impaired is as follows:

	2012 \$'000	2011 \$'000
Over 90 days	3,468	5,387

As of 31 December 2012, loans receivables of \$21,084,000 (2011 – \$14,525,000) were considered to be impaired and are fully provided for. These receivables were all aged over 90 days.

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil loan payments and other liabilities incurred.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and accessing credit from related parties or financial institutions if required;
- (ii) Optimising cash returns on short term investments; and
- (iii) Monitoring financial position liquidity ratios against internal requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in interest rates and exchange rates.

Orrett and Musson Investment Company Limited

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows of the company's financial assets and liabilities based on contractual repayment obligations:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Total \$'000
As at 31 December 2012:					
Financial Assets					
Cash and deposits	3,361	-	-	-	3,361
Insurance premium financing	27,113	24,375	15,561	-	67,049
Loans receivable	366,553	6,940	22,588	22,246	418,327
Total financial assets (contractual maturity dates)	397,027	31,315	38,149	22,246	488,737
Financial Liabilities					
Due to related parties	1,653	-	-	-	1,653
Borrowings	2,431	98,901	272,585	-	373,917
Other	2,991	3,153	4,718	-	10,862
Total financial liabilities (contractual maturity dates)	7,075	102,054	277,303	-	386,432
Net Liquidity Gap	389,952	(70,739)	(239,154)	22,246	102,305

Orrett and Musson Investment Company Limited

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4. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Total \$'000
As at 31 December 2011:					
Financial Assets					
Cash and deposits	6,513	-	-	-	6,513
Insurance premium financing	52,158	71,416	60,305	-	183,879
Loans receivable	13,708	7,931	454,039	27,530	503,208
Total financial assets (contractual maturity dates)	72,379	79,347	514,344	27,530	693,600
Financial Liabilities					
Due to related parties	9,513	-	-	-	9,513
Borrowings	4,199	212,467	268,176	-	484,842
Other	49,607	2,006	4,163	-	55,776
Total financial liabilities (contractual maturity dates)	63,319	214,473	272,339	-	550,131
Net Liquidity Gap	9,060	(135,126)	242,005	27,530	143,469

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to foreign exchange risk arising from the United States dollar. The company manages the foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

Concentrations of currency risk

The table below summarises the company's exposure to foreign currency exchange rate risk at 31 December.

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
At 31 December 2012:			
Financial Assets			
Cash and deposits	1,092	2,269	3,361
Insurance premium financing receivables	58,662	-	58,662
Loans receivable	44,326	354,871	399,197
Total financial assets	104,080	357,140	461,220
Financial Liabilities			
Due to related parties	1,653	-	1,653
Borrowings	66,635	279,185	345,820
Other	10,862	-	10,862
Total financial liabilities	79,150	279,185	358,335
Net Financial Position	24,930	77,955	102,885
At 31 December 2011			
Financial Assets			
Cash and deposits	5,709	804	6,513
Insurance premium financing receivables	50,457	119,632	170,089
Loans receivable	183,733	263,010	446,743
Total financial assets	239,899	383,446	623,345
Financial Liabilities			
Due to related parties	9,513	-	9,513
Borrowings	62,976	402,473	465,449
Other	12,031	43,745	55,776
Total financial liabilities	84,520	446,218	530,738
Net Financial Position	155,379	(62,772)	92,607

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates, with all other variables held constant. The sensitivity analysis on pre-tax profit is based on foreign currency denominated monetary items at the year end. As there are no foreign denominated investment securities, there is no impact on other components of equity.

	% Change in Currency Rate 2012	Effect on Profit before Taxation 2012	% Change in Currency Rate 2011	Effect on Profit before Taxation 2011
USD - Revaluation	1%	(780)	0.5%	(314)
USD - Devaluation	10%	7,796	0.5%	314

Orrett and Musson Investment Company Limited

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following tables summarise the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
At 31 December 2012:						
Assets						
Cash and deposits	3,361	-	-	-	-	3,361
Insurance premium financing receivables	24,751	22,250	11,661	-	-	58,662
Loans receivable	7,886	4,620	370,213	16,478	-	399,197
Total financial assets	35,998	26,870	381,874	16,478	-	461,220
Liabilities						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	97,160	248,160	-	500	345,820
Other	-	-	-	-	10,862	10,862
Total financial liabilities	-	97,160	248,160	-	13,015	358,335
Total interest repricing gap	35,998	(70,290)	133,714	16,478	(13,015)	102,885
Cumulative gap	35,998	(34,292)	99,422	115,900	102,885	-

Orrett and Musson Investment Company Limited

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4. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
At 31 December 2011						
Assets						
Cash and deposits	6,513	-	-	-	-	6,513
Insurance premium financing receivables	41,325	64,541	64,223	-	-	170,089
Loans receivable	11,553	6,859	403,806	24,525	-	446,743
Total financial assets	59,391	71,400	468,029	24,525	-	623,345
Liabilities						
Due to related parties	-	-	-	-	9,513	9,513
Borrowings	-	62,476	402,473	-	500	465,449
Other	-	-	-	-	55,776	55,776
Total financial liabilities	-	62,476	402,473	-	65,789	530,738
Total interest repricing gap	59,391	8,924	65,556	24,525	(65,789)	92,607
Cumulative gap	59,391	68,315	133,871	158,396	92,607	-

Interest rate sensitivity

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of equity is calculated by revaluing fixed rate financial assets and liabilities for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. The company does not have any sensitivity to interest rate risk as all financial assets and liabilities are at fixed rates.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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5. Capital Management

Capital management is assessed by the senior management of the company. The objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- (i) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (ii) To maintain a strong capital base to support the development of its business.

The company is not subject to externally imposed capital requirements.

6. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In accordance with IFRS 7, the company discloses fair value measurements for items carried on the statement of financial position at fair value, by level of the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities are disclosed as Level 1.
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are disclosed as Level 2.
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) are disclosed as Level 3.

There are no financial assets and financial liabilities measured at fair value at the year end or the prior year.

7. Interest Income

	2012	2011
	\$'000	\$'000
Insurance premium financing	27,381	21,083
Loans receivable	51,872	66,210
Cash and deposits	89	586
	<u>79,342</u>	<u>87,879</u>

8. Other Operating Income

	2012	2011
	\$'000	\$'000
Foreign exchange gains/(losses)	4,250	(925)
Gain on disposal of intangible assets	120	236
Other	5,825	3,404
	<u>10,195</u>	<u>2,715</u>

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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9. Expenses by Nature

Administration expenses comprise:

	2012	2011
	\$'000	\$'000
Auditors' remuneration -	636	600
Depreciation and amortisation	321	495
Marketing and advertising	463	506
Provision for doubtful debts	4,282	(2,025)
Other operating expenses	4,865	872
Professional fees	211	413
Rent and maintenance	1,220	995
Repairs and maintenance	907	463
Staff costs (Note 10)	21,588	14,008
Stationery	1,122	1,038
Utilities	677	572
Total	<u>36,292</u>	<u>17,937</u>

10. Staff Costs

	2012	2011
	\$'000	\$'000
Wages and salaries	19,906	11,940
Statutory contributions	1,318	757
Pension costs	245	227
Other	119	1,084
	<u>21,588</u>	<u>14,008</u>

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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11. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes and represents:

	2012	2011
	\$'000	\$'000
Current income tax charge	14,501	12,213
Prior year income tax adjustment	(4,567)	-
Deferred tax (Note 17)	<u>(1,132)</u>	<u>967</u>
	<u><u>8,802</u></u>	<u><u>13,180</u></u>

The tax charge on the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2012	2011
	\$'000	\$'000
Profit before taxation	<u>23,864</u>	<u>43,532</u>
Tax calculated at 33 1/3 %	7,955	14,510
Adjusted for the effects of:		
Income not subject to tax	-	(198)
Expenses not deductible for tax	7,021	4
Prior year deferred tax adjustment	(1,589)	(1,200)
Prior year income tax adjustment	(4,567)	-
Effect of change in tax rate	70	-
Net effect of other charges and allowances	<u>(88)</u>	<u>64</u>
	<u><u>8,802</u></u>	<u><u>13,180</u></u>

At the end of the financial year, the Government of Jamaica enacted legislation to change the rate of corporation tax for certain companies to 25%, down from 33 1/3%. The rate of 25% was therefore used to calculate deferred taxes at 31 December 2012.

12. Cash and Cash Equivalents

	2012	2011
	\$'000	\$'000
Cash and bank balances	<u>3,361</u>	<u>6,513</u>

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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13. Insurance Premium Financing Receivables

	2012 \$'000	2011 \$'000
IPF loans receivable from affiliate (Note 16)	-	120,937
IPF loans receivable from external customers	67,049	62,525
Unearned interest	<u>(5,902)</u>	<u>(8,611)</u>
	61,147	174,851
Less: Provision for doubtful debts	<u>(2,485)</u>	<u>(4,762)</u>
	<u><u>58,662</u></u>	<u><u>170,089</u></u>

14. Loans Receivable

	2012 \$'000	2011 \$'000
Loans receivable from fellow subsidiary (Note 16)	-	369,295
Loans receivable from ultimate parent company (Note 16)	354,871	-
Loans receivable from external customers	<u>65,410</u>	<u>91,973</u>
	420,281	461,268
Less: Provision for doubtful debts	<u>(21,084)</u>	<u>(14,525)</u>
	<u><u>399,197</u></u>	<u><u>446,743</u></u>

These represent loan financing extended to customers and includes interest receivable of \$NIL (2011 – \$21,052,000). These loans attract interest at an average rate of 15.8% and have average tenures of 2 years.

Loans receivable from external customers includes an amount of \$8,391,000 factored by a fellow subsidiary. The loan has been fully provided for.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

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15. Property, Plant & Equipment

	Motor Vehicles \$'000	Furniture, Fixtures & Equipment \$'000	Total \$'000
Cost -			
At 1 January 2011	950	3,039	3,989
Additions	-	14	14
At 31 December 2011	950	3,053	4,003
Additions	-	158	158
Disposal	(950)	-	(950)
At 31 December 2012	-	3,211	3,211
Depreciation -			
At 1 January 2011	380	477	857
Charge for the year	190	305	495
At 31 December 2011	570	782	1,352
Charge for the year	-	321	321
Relieved on disposal	(570)	-	(570)
At 31 December 2012	-	1,103	1,103
Net Book Value -			
31 December 2012	-	2,108	2,108
31 December 2011	380	2,271	2,651

Orrett and Musson Investment Company Limited

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16. Related Party Transactions and Balances

(a) The statement of comprehensive income includes the following transactions with related parties -

	2012 \$'000	2011 \$'000
Interest income -		
Key management	-	189
Parent	43,564	-
Affiliate	10,340	49,607
	<u>53,904</u>	<u>49,796</u>
Interest expense -		
Parent company	-	5,110
Fellow subsidiary	4,740	6,907
Affiliate	24,642	17,703
	<u>29,382</u>	<u>29,720</u>
	2012	2011
	\$'000	\$'000
Key management compensation -		
Directors' fees	<u>50</u>	<u>50</u>
Rental and maintenance expense -		
Fellow subsidiary	<u>1,220</u>	<u>995</u>

(b) The statement of financial position includes the following balances with group companies -

	2012 \$'000	2011 \$'000
Due to related parties -		
Payable -		
Parent company	1,653	1,817
Fellow subsidiary	-	1,190
Affiliate	-	6,506
	<u>1,653</u>	<u>9,513</u>
Loan due to related parties (Note 18) -		
Balance at the beginning of year	465,449	295,019
Loans received	63,434	443,904
Interest charged	29,382	29,720
Repayments	(231,986)	(305,561)
Foreign exchange translation	19,541	2,367
Balance at end of year	<u>345,820</u>	<u>465,449</u>

Orrett and Musson Investment Company Limited

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16. Related Party Transaction and Balances (Continued)

- (b) The statement of financial position includes the following balances with group companies (continued) -

	2012 \$'000	2011 \$'000
Insurance premium financing receivables - Affiliate (Note 13)	-	120,937
Loans receivable -		
(i) Fellow subsidiary (Note 14) -		
Balance at the beginning of year	369,295	273,823
Loans issued	-	88,243
Interest earned	5,837	10,798
Repayments	(375,132)	(3,569)
Balance at end of year	-	369,295
(ii) Ultimate parent company (Note 14) -		
Balance at the beginning of year	-	-
Loans issued	334,462	-
Interest earned	34,564	-
Repayments	(34,564)	-
Foreign exchange translation	20,409	-
Balance at end of year	354,871	-
(iii) Key management	7,388	14,840
	<u>362,259</u>	<u>384,135</u>

- (i) In the prior year, loans receivable from affiliate comprised an amount of \$90,000,000 which attracted interest at a rate of 16% per annum. This loan was repaid during the year. In December 2011, the company issued a loan totalling US\$2,000,000 which attracted interest at a rate of 11% per annum and was to be repaid in December 2012. In January 2012, an additional loan totalling US\$1,000,000 was issued which attracted interest at a rate of 11% per annum and was repaid in December 2012.
- (ii) The loan to the parent company represents US\$3,851,000 at a rate of 11% per annum, with interest payable on a monthly basis. The principal amount is repayable in November 2014.
- (iii) Loans receivable from key management attract interest at an average rate of 9.5% (2011 – 10%) and is repayable within 12 months.

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17. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the liability methods using an effective tax rate of 25% (2011 - 33 1/3%). The use of 25% for 2012 is a consequence of enactment of legislation, at the year end, to change the rate of corporation tax to 25% (See note 11).

	2012 \$'000	2011 \$'000
Deferred income tax assets	219	596
Deferred income tax liabilities	<u>(426)</u>	<u>(1,935)</u>
Net liability	<u>(207)</u>	<u>(1,339)</u>

The movement on the deferred income tax account is as follows:

	2012 \$'000	2011 \$'000
Balance as at 1 January	1,339	372
(Credited)/charged to statement of comprehensive income (Note 11)	<u>(1,132)</u>	<u>967</u>
Balance as at 31 December	<u>207</u>	<u>1,339</u>

Deferred income tax assets and liabilities are attributable to the following items:

	2012 \$'000	2011 \$'000
Deferred income tax assets		
Accrued vacation	157	110
Interest payable	62	177
Unrealised foreign exchange losses	<u>-</u>	<u>309</u>
	<u>219</u>	<u>596</u>
Deferred income tax liabilities		
Accelerated tax depreciation	276	346
Interest receivable	-	1,589
Unrealised foreign exchange gains	<u>150</u>	<u>-</u>
	<u>426</u>	<u>1,935</u>

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18. Borrowings

	2012	2011
	\$'000	\$'000
Current		
(a) Short term loans	66,635	62,976
(b) Current portion of long term loan	<u>279,185</u>	<u>402,473</u>
	<u><u>345,820</u></u>	<u><u>465,449</u></u>
(a) Short term loans		
	2012	2011
	\$'000	\$'000
(i) Fellow subsidiary	66,135	62,476
(ii) Affiliate	<u>500</u>	<u>500</u>
	<u><u>66,635</u></u>	<u><u>62,976</u></u>
(i) This loan attracts interest at a rate of 5.25%, is unsecured and had original repayment date of December 2012. The loan has since been renegotiated and is now repayable in March 2013 at a rate of 5.25%.		
(ii) This loan does not attract interest, is unsecured and has no set repayment date.		
(b) Long term loan		
	2012	2011
	\$'000	\$'000
Affiliate	278,933	402,221
Interest payable	<u>252</u>	<u>252</u>
	279,185	402,473
Less: current portion	<u>(279,185)</u>	<u>(402,473)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

This represents a loan from an affiliated company totalling US\$3,000,000 (2011 – US\$3,000,000). The loan is unsecured and attracts interest at a rate of 9% per annum. The principal was originally repayable in June 2012. The loan has since been renegotiated and is now repayable in January 2013. In the prior year there was an additional loan totalling US\$1,465,000 which was received in December 2011 and was unsecured. It attracted interest at a rate of 5.25% per annum. This amount was repaid during the year.

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19. Other Liabilities

	2012 \$'000	2011 \$'000
Accruals	2,238	48,707
Due to clients	6,109	5,007
Other	2,515	2,062
	<u>10,862</u>	<u>55,776</u>

20. Share Capital

	2012 \$'000	2011 \$'000
Authorised, issued and fully paid - 300,000 (2011 – 300,000) stock units	<u>300</u>	<u>300</u>

Pursuant to the requirement of the Jamaican Companies Act, 2004, the ordinary shares of the company were converted to shares of no par value.

21. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2009, indicated that the scheme was adequately funded at that date.

Pension contributions for the period totalled \$245,000 (31 December 2011 – \$227,000) and are included in staff costs (Note 10).

22. Subsequent Events

At an extraordinary general meeting held on 28 May 2013, the shareholders passed a resolution to increase the authorised share capital of the company from 300,000 to 800,000 ordinary shares.

At an extraordinary general meeting held on 29 May 2013, the shareholders passed the following resolutions:

- (i) The change of the Company's name from Orrett and Musson Investment Company Limited to Eppley Limited;
- (ii) The re-registration of the Company as a public company under section 34 of the Jamaican Companies Act; and
- (iii) The intention to list the Company to the Junior Market of the Jamaica Stock Exchange.

On 29 May 2013 the Company issued 277,250 ordinary shares to a related party, General Accident Insurance Company (Jamaica) Limited and a non-related pension fund investor for a consideration of \$113,939,000.

UNAUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Limited

Statement of Financial Position

April 30, 2013

(expressed in Jamaican dollars)

	Unaudited April 2013 \$'000	Unaudited April 2012 \$'000
ASSETS		
Cash and deposits	136,579	21,086
Taxation recoverable	4,080	-
Other receivables	5,009	(100)
Insurance premium financing receivables	56,091	66,592
Loans receivable	48,500	413,523
Lease receivable	18,708	-
Property, plant and equipment	2,001	2,301
Intangible assets	-	-
Total assets	270,967	503,401
LIABILITIES		
Due to related parties	1,351	9,729
Taxation payable	11,815	2,329
Deferred taxation	209	1,340
Borrowings	130,417	384,553
Other liabilities	14,018	12,385
Total liabilities	157,809	410,336
SHAREHOLDERS' EQUITY		
Share capital	300	300
Retained earnings	112,858	92,765
Total shareholders' equity	113,158	93,065
TOTAL LIABILITIES AND EQUITY	270,967	503,401

UNAUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Limited

Statement of Comprehensive Income

Four months ended April 30, 2013

(expressed in Jamaican dollars)

	Unaudited YTD April 2013	Unaudited YTD April 2012
	\$'000	\$'000
Interest income	23,191	26,189
Interest expense	(8,332)	(10,079)
Net investment income	14,859	16,110
Other operating income / (expenses)	10,156	2,778
Administrative expenses	8,931	8,402
Profit before taxation	16,083	10,486
Taxation	(4,028)	(3,460)
Net profit, being total comprehensive income for the Year	12,056	7,026

UNAUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Limited
Statement of Changes in Equity
Four months ended April 30, 2013
(expressed in Jamaican dollars)

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1 January 2012	300	85,739	86,039
Total Comprehensive Income for the Period		7,026	7,026
Balance as at 30 April 2012	<u>300</u>	<u>92,765</u>	<u>93,065</u>
Balance as at 1 January 2013	300	100,801	101,101
Total Comprehensive Income for the Period		12,056	12,056
Balance as at 30 April 2013	<u>300</u>	<u>112,857</u>	<u>113,157</u>

UNAUDITED FINANCIAL INFORMATION

Orrett and Musson Investment Company Limited

Statement of Cash Flows

Four months ended April 30, 2013

(expressed in Jamaican dollars)

	Unaudited YTD April 2013 \$'000	Unaudited YTD April 2012 \$'000
Cash Flows from Operating Activities		
Net profit	12,056	7,026
Adjustments for items not affecting cash:		
Depreciation	107	105
Gain on disposal of property, plant and equipment	-	(120)
Interest income	(23,196)	(26,216)
Interest expense	8,332	10,079
Foreign exchange (gains)/ losses	(9,420)	(1,057)
Taxation	4,028	(3,460)
	(8,094)	(13,644)
Changes in non-cash working capital components		
Other receivables	(4,980)	(239)
Insurance premium financing receivables	2,571	103,454
Loans receivable	350,697	33,263
Interest received	23,196	26,216
Other liabilities	2,357	(45,641)
Due to related parties	-	-
	365,747	103,409
Taxation paid	-	(10,210)
Interest paid	(8,332)	(10,079)
Net cash provided by/(used in) operating activities	357,415	90,040
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	-	(135)
Acquisition of Lease	(18,708)	-
Proceeds from disposal of property, plant and equipment	-	500
Net cash provided (used in) by investing activities	(18,708)	365
Cash Flows from Financing Activities		
Borrowings, net	(205,490)	(75,832)
Net cash used in financing activities	(205,490)	(75,832)
Increase in cash and cash equivalents	133,218	14,573
Cash and cash equivalents at beginning of year	3,361	6,513
Cash and cash equivalents at end of period	136,579	21,086

UNAUDITED FINANCIAL INFORMATION

This Section 10 sets out unaudited pro forma financial information, which the Directors reasonably believe to be complete and accurate. Prospective investors should note that the Pro Forma Financial Information is set out for the purposes of their convenience only, in order to illustrate the effect of certain transactions and the Invitation on the financial position of the Company after 30 April 2013, being the date to which the most recent Unaudited Financial Information is made up. The actual financial position of the Company may in future differ from that presented here.

The Pro Forma Financial Information was prepared using the following information and assumptions:

1. The unaudited statement of financial position of the Company as at 30 April 2013 presented elsewhere in this Section 10 was used as the starting point for the preparation of the Pro Forma Financial Information.
2. The said statement of financial position was then adjusted to take account of the effect on the Company of the following transactions which were entered into by the Company after 30 April 2013:
 - (a) The subscription by General Accident for 73,000 Shares and the subscription by ATL Pension Fund for 204,250 Shares, pursuant to the terms of a Subscription and Shareholders' Agreement dated 29 April 2013 entered into by each of them with the Company, ATL Pension Fund, and Musson Investments; and
 - (b) The subscription of the 218,999 Shares in the Invitation by prospective investors and Reserved Share Applicants, assuming that the Invitation is successful and the Shares are admitted to trading on the Junior Market. This includes the conversion by SHCL of the SHCL Loan into 121,666 Shares in the Invitation. Prospective investors should note that neither the Directors nor the Company make any representation, warranty or guarantee that this will be the case.

Further details relating to the transactions described above are set out in Section 7.11 (in the case of the SHCL Loan and the Subscription and Shareholders' Agreement referred to in paragraphs (a) and (b), respectively) and Section 6 (in the case of the Invitation).

UNAUDITED FINANCIAL INFORMATION

Unaudited Pro Forma Statement of Financial Position as at April 30, 2013

	Unaudited April 30, 2013 \$'000	General Accident Subscription \$'000	ATL Pension Fund Subscription \$'000	Before Invitation \$'000	Invitation \$'000	Pro Forma Invitation \$'000
ASSETS						
Cash and deposits	136,579	27,521	77,002	241,102	36,695	277,297
Taxation recoverable	4,080			4,080		4,080
Other receivables	5,009			5,009		5,009
Insurance premium financing receivables	56,091			56,091		56,091
Loans receivable	48,500			48,500		48,500
Lease receivable	18,708			18,708		18,708
Investment securities	118,967			118,967		118,967
Property, plant and equipment	2,001			2,001		2,001
Intangible assets	-			-		-
Total assets	<u>270,967</u>	<u>27,521</u>	<u>77,002</u>	<u>375,490</u>	<u>36,695</u>	<u>412,185</u>
LIABILITIES						
Due to related parties	1,351			1,351		1,351
Taxation payable	11,815			11,815		11,815
Deferred taxation	209			209		209
Borrowings	130,417			130,417	(45,868)	84,549
Other liabilities	14,018			14,018		14,018
Deferred tax liability	-			-		-
Total liabilities	<u>157,809</u>	<u>-</u>	<u>-</u>	<u>157,809</u>	<u>(45,868)</u>	<u>111,941</u>
SHAREHOLDERS' EQUITY						
Share capital	300	27,521	77,002	104,823	82,563	187,386
Retained earnings	112,858			112,858		112,858
Total shareholders' equity	<u>113,158</u>	<u>27,521</u>	<u>77,002</u>	<u>217,681</u>	<u>82,563</u>	<u>300,244</u>
TOTAL LIABILITIES AND EQUITY	<u>270,967</u>	<u>27,521</u>	<u>77,002</u>	<u>375,490</u>	<u>36,695</u>	<u>412,185</u>

SECTION 11: RISK FACTORS

Availability of Loan Funding

The successful operations of the Company depend on its ability to procure funds to originate loans. The Company funds its lending activities with its own equity capital and borrowings. As a result, the Company relies on its ability to borrow on terms that are sufficiently attractive and that allow for profitable onward lending.

Use of Financial Leverage

The Company uses and will continue to employ financial leverage. While financial leverage will enhance returns in the event that the Company's credit portfolio does not suffer losses, financial leverage will also magnify such losses in the event of customer default.

Lack of Diversification

The business model and scale of the Company will make it difficult for it to maintain a diversified credit portfolio. This lack of diversification could magnify losses in the event that loan losses exceed the Directors' expectations.

Related Party Risk

The Company may from time-to-time extend credit to related parties, subject only to limitations imposed by its Board.

Customer Default

The successful operations of the Company also depend on its commercial and professional customers' ability to repay the loans that are made to them by the Company, in a timely manner. Whole or partial defaults on loans by customers, affects the liquidity, profitability and financial position of the Company, particularly if the Company is only able to recover part of the amount owing by taking possession and selling any security it holds.

Key Personnel

It is important that the Company attracts and retains appropriately skilled persons in order to operate its business, and to promote its growth. It is also important for the Company to replace personnel whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on the Group's future prospects.

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behavior of capital markets including the JSE and the market for securities the Company holds in its investment portfolio. If such policies become onerous from the point of view of the Company or its clients this could require the Company to change the types of products it offers, or the terms on which it offers them, or the overall nature of its business operations.

New Regulatory Rules or Standards

The business of the Company is currently unregulated. The business of the Company may become subject to existing or new regulatory rules or standards depending on the type of credit products it offers. If such regulatory rules or standards become onerous from the point of view of the Company or its clients this could require the Company to recapitalize, or to change the nature of its business operations, and in any case, changes in such regulatory rules or standards may affect its long - term profitability.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

Operational Risk

The Company is also subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the volume of visitor arrivals to the island. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage maybe available or it is not economical to do so.

Risk of Catastrophic Events

Property and casualty insurers are subject to claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of 2 factors: the total amount of insured exposure in the area affected by the event and the severity of the event. Most natural disasters and other catastrophes are localised; however, hurricanes, earthquakes and floods have the potential to produce significant damage in widespread areas.

Control

The issue of the Shares in the Invitation will not confer legal or effective control of the Company on Applicants, having regard to the number and percentage of issued Shares held by Musson Investments, SHCL, ATLP and General Accident prior to and after the Invitation.

Market Risk

Market risk is the risk that the value of the Company's investments will decrease due to factors including but not limited to price risk (the risk that the prices of securities in the investment portfolio of the Company (the

“investment securities” will change), interest rate risk (the risk that interest rates attaching to the said investment securities will change), and currency risk (the risk that foreign exchange rates attaching to the said investment securities will change).

Volatility in Price of Shares

Following their proposed admission to trading on the JSE the Shares may experience volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

Investment Flexibility

While the Board intends to invest primarily in leases, loans and other forms of commercial credit, it retains the right to change its investment strategy in its sole discretion.

SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY

Lead Arranger and Sole Selling and Listing Agent

Proven Wealth Limited
26 Belmont Road
Kingston 5

Auditors

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Kingston

Attorneys

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Registrars and Transfer Agents

Jamaica Central Securities Depository
40 Harbour Street
Kingston

SECTION 13: STATUTORY AND GENERAL INFORMATION

- 13.1 Statutory information required to be set out in this Prospectus by section 42 and the Third Schedule to the Companies Act
1. The Company has no founders or management or deferred shares.
 2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting. Notwithstanding, certain Shareholders have the right to appoint Nominated Directors in the circumstances described in section 7.5.
 3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
 - (a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to the Company. (Article 82)
 - (b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 84)
 - (c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 97(5))
 - (d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the company. (Article 97(7))
 - (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his

widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 100)

- (f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. (Article 123)
4. The names and addresses of the Directors are as follows:
Nigel A. L. Clarke, 21 Manor Court Mews, Kingston 8, Saint Andrew
Melanie Subratie, 59 Lady Musgrave Road, Kingston 6, Saint Andrew
Nicholas Scott, Villa Verde, Hermitage Dam Road, Saint Andrew
Sharon Donaldson, 9 Waterloo Mews, Kingston 10, Saint Andrew
Maxim Rochester, 12 Rutland Drive, Kingston 6, Saint Andrew
Keith Collister, 4B Jacks Hill Close, Jacks Hill Manor, # 6, Kingston 6, Saint Andrew
Alexander Melville, 24 Earl's Court, #12, Kingston 8, Saint Andrew
Byron Thompson, 38 Norbrook Road, #4, Kingston 8, Saint Andrew
5. The minimum amount required to be raised out of the proceeds of the Invitation (inclusive of calling on the underwriting commitment described in paragraph 18 below if necessary) to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is \$82 million.
6. The Invitation will open for subscription at 9:00 a.m. on Monday 22 July 2013 and will close at 4:00 p.m. on the Closing Date, Monday 29 July 2013 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date as described in this Prospectus.
7. All Applicants including Reserved Share Applicants will be required to pay in full the applicable price per Share as specified in the terms and conditions set out in Section 6.4 of this Prospectus. No further sum will be payable on allotment.
8. No previous offer of shares in the Company has been made to the public.
9. Save as set out in paragraphs 17 and 18 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
10. As at 30 April 2013, being the date to which the most recent management accounts included in the Unaudited Financial Information of the Company are made up to, the Company held the following investments:
- | | |
|-------------------|---------------------------|
| Cash and deposits | <u>\$ 136.579 million</u> |
| Total | \$136.579 million |
11. There is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase, which would involve any goodwill, patent or trade marks.
12. As at 30 April 2013, being the date to which the being the date to which the most recent management accounts included in the Unaudited Financial Information of the Company are made up to, the indebtedness of the Company was as follows:

Due to related parties	\$ 1.351 million
Borrowings	\$130.417 million
<u>Other liabilities</u>	<u>\$ 14,018 million</u>
Total	\$145.786 million

13. In the period represented by the Audited Financial Information the Company paid dividends on the Shares amounting to \$90 million in the aggregate. The dividend policy of the Company is described in Section 7.15.
14. There is no property that is currently proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.
15. Save as set out in paragraph 17 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.
16. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed \$7.5 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, the Registrar's fees, stamp duties and other document filing fees, initial listing and other JSE and JCSJ fees and GCT). Of those expenses the most material are the brokerage and financial advisory fees set out in paragraph 17, and the legal fees of Patterson Mair Hamilton, Attorneys-at-law, which amount to \$3.0 million exclusive of GCT.
17. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for PROVEN, by virtue of a Mandate Agreement dated 7 February 2013. Under the Agreement PROVEN is entitled to receive fees as follows: (a) a lead arranger's fee of 0.8 of 1% of the value of the total amount raised and accepted by the Company in the Invitation; and (b) a selling agent's fee of 0.20 of 1% of the value of the total amount raised and accepted by the Company in the Invitation. The listing agent's fee has been waived by Proven. All fees referred to herein are quoted exclusive of GCT, and disbursements.
18. The material contracts of the Company are set out in Section 7.9.
19. The external auditors of the Company are PricewaterhouseCoopers of the Scotiabank Centre, corner of Duke and Port Royal Streets, Kingston.
20. PWC have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of their name in the context in which it is included.
21. The Company was incorporated on 29 May 1973. The Company has no subsidiaries.

13.2 Taxation of Listed Shares

- Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.
- The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.

- Section 30(1)(c) of The Income Tax Act provides that the rate of income tax payable on dividend income received by holders of shares of companies listed on the Jamaica Stock Exchange is nil. Notwithstanding that, the Government recently announced that dividends paid to residents of Jamaica are subject to income tax at the rate of 15% as from 1 April 2013. Such tax is to be withheld at source.

Prospective investors should seek advice on the taxation of listed companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

SECTION 14: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

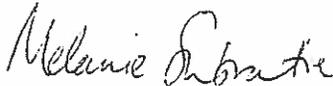
1. The Articles of Incorporation of the Company adopted 30 May 2013.
2. The Material Contracts described in section 7.9.
3. The audited accounts of the Company for the 5 financial years ended 31st December 2008 to 2012 inclusive.
4. The consent of the auditors to the inclusion of each of their names and references thereto in the form and context in which they appear in this Prospectus.

SECTION 15: DIRECTORS' SIGNATURES

The Directors whose signatures appear below are individually and collectively responsible for the contents of this Prospectus:



NIGEL L. CLARKE
DIRECTOR



MELANIE SUBRATIE
DIRECTOR



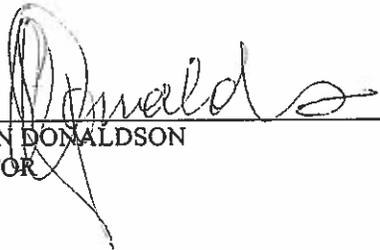
MAXIM ROCHESTER
DIRECTOR



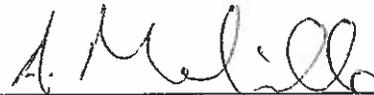
NICHOLAS SCOTT
MANAGING DIRECTOR



KEITH COLLISTER
DIRECTOR



SHARON DONALDSON
DIRECTOR



ALEXANDER MELVILLE
DIRECTOR



BYRON THOMPSON
DIRECTOR

JOINT HOLDER INFORMATION

--

FIRST NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

SIGNATURE

--

SECOND NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

SIGNATURE

--

THIRD NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

SIGNATURE

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to Proven Wealth Limited (“Proven”), 26 Belmont Road, Kingston 5, Saint Andrew
2. Applications that are not from the Reserved Share pool must be for a minimum of 20 shares with increments in multiples of 10 shares. Applications in other denominations will **not** be processed or accepted.
3. All applicants must attach their payment for the specified number of Shares they have applied for, in the form of either:
 - A. A Manager’s cheque made payable to “Proven Wealth Limited” or
 - B. Authorization from the Applicant on the Application instructing Proven to make payment from cleared funds held in an investment account in the Applicant’s name at Proven, or
 - C. Transfer in the Real Time Gross Settlement (“RTGS”) system to designated account for the purposes of payments of \$3 million or more. Please contact your broker for details
3. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
4. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver’s Licence displaying the T.R.N.
5. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository (“JCSD”). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
6. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____

TIME RECEIVED: _____

PAYMENT METHOD: CHEQUE / AUTHORISATION LETTER

CHEQUE NUMBER OR LETTER DATE: _____

PAYMENT VALUE: _____

POOL: _____

BROKER STAMP AND SIGNATURE: