

This prospectus (the “Prospectus”) is issued by Eppley Limited (the “Company”) and is dated Wednesday 13 November 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 13 November 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 Financial Services Commission 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 13 November 2013. The Financial Services Commission has not approved the Preference Shares (as defined below) for which subscription is invited nor has the Financial Services Commission 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

50,000,000 9.5% CUMULATIVE REDEEMABLE PREFERENCE SHARES FOR SUBSCRIPTION PRICED AT J\$6.00 PER PREFERENCE SHARE

The Company invites Applications for subscription for 50,000,000 new Cumulative Redeemable 9.5% Preference Shares in the capital of the Company (the “Preference Shares”) in the Invitation. The issue is fully underwritten by JMMB Securities Limited (the “Underwriter”), which is also acting as lead broker and listing agent to the Company in the Invitation. The Company reserves the right to make available further Preference Shares prior to the Closing Date in the circumstances described in section 6.5 of the Prospectus, which sets out the full terms and conditions of the Invitation (the “Terms and Conditions”). See also the full terms of issue of the Preference Shares (the “Terms of Issue”) at Appendix 2.

An Application Form for use by all Applicants is provided Appendix 1 together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the Opening Date, Wednesday 20 November 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, Wednesday 27 November 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 Preference 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 Preference Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the Preference Shares will be listed. The making of the application by the Company, and its success, is dependent on the ability of the Company to raise at least \$300,000,000 in the Invitation* from (i) the subscription of Preference Shares by Applicants and/or the Underwriter; and (ii) other criteria for admission set out in the JSE Rules. If the Preference Shares in the Invitation are not fully subscribed as aforesaid, or if the Preference 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 Ordinary Shares 100,000,000 Preference Shares
Issued share capital	796,249 Ordinary Shares
Maximum to be issued fully paid	50,000,000 Preference Shares*
<u>Total consideration assuming all Preference Shares are fully subscribed</u>	<u>\$300,000,000.00*</u>

*The Company reserves the right to issue up to 100,000,000 Preference Shares in the event that the Invitation is oversubscribed by Applicants and on that basis the total consideration for the subscription of shares in the Invitation would be greater than \$300,000,000 but will not exceed \$600,000,000.

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SECTION 1: DEFINITIONS USED IN THIS PROSPECTUS

TERM	MEANING
Act	means the Companies Act, 2004
Affiliates	has the meaning given to such term by the Act
Allotment	means the allotment of the Preference 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) who submits an Application
Application(s)	means the Application Form(s) completed by the Applicant(s) for the subscription of Preference Shares, duly delivered to any of the branches listed at Appendix 3 of this Prospectus together with payment in full of the Invitation Price for the amount subscribed, by an Approved Payment Method
Application Form	means the prescribed form set out in Appendix 1 which shall also be available for download at www.jmmb.com and www.jamstockex.com .
Approved Payment Method	means any of the methods described at paragraph 7 of Section 6.5
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 2012; and/or (2) the Audited Financial Information
Board	means the Board of Directors of the Company
Company	means Epley Limited, a company incorporated in Jamaica (number 11444) with its registered and principal office at 58 Half-way Tree Road, Kingston

Closing Date	means the date on which the Invitation closes, being Wednesday 27 November 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
Dividend	means the dividend of 9.50% per annum calculated on the Invitation Price of each Preference Share, that is payable to Noteholders
Forward Looking Statement(s)	means the forward looking statements referred to in Section 3 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
Group	means Musson (Jamaica) Limited and its subsidiaries and associated companies (as such terms may be defined by the Act)
Invitation	means the invitation to subscribe for the Preference Shares made by the Company to prospective investors, on the terms and conditions set out in this Prospectus
Invitation Price	means \$6.00 per Preference Share
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
JMMB	means Jamaica Money Market Brokers Limited, a company duly registered under the laws of Jamaica and having its registered office located at 6 Haughton Terrace, Kingston 10
JMMBSL	means JMMB Securities Limited, a company duly registered under the laws of Jamaica and having its registered office located at 6 Haughton

	Terrace, Kingston 10
JSE	means the Jamaica Stock Exchange, a company incorporated in Jamaica (number 6351) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
Junior Market	means the Junior Market trading platform of the JSE established April 2009
Main Market	means the Main Market trading platform of the JSE
Maturity Date	means 30 November 2018 being the last day of the 60 th month following the issue of the Preference Shares
Musson Investments	means Musson Investments Limited, an international business company incorporated under the laws of Saint Lucia, the majority holder of the Ordinary Shares
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 Wednesday 20 November 2013
Ordinary Shares	means the authorized and issued ordinary shares in the capital of the Company as the context may require
Ordinary Shareholder	means a holder of the Ordinary Shares
Preference Shares	means the 100,000,000 authorised preference shares in the capital of the Company each of which is subject to the the Terms of Issue
Preference Shareholder	means a holder of the Preference Shares
Preference Stock Units	All or any of the Preference Shares that are fully paid and converted on issue to preference stock units in accordance with the Articles of Incorporation
PricewaterhouseCoopers	means PricewaterhouseCoopers, chartered accountants, of Scotiabank Centre, corner of Duke and Port Royal Streets, Kingston
Primary Applicant(s)	means, in the case of joint Applicants or multiple Applicants, the Applicant whose name appears first on the Application Form and who is the Applicant who serves as the primary recipient of notices from the Company

Prospectus	means this document dated Wednesday 13 November 2013 which constitutes a prospectus for the purposes of the Companies Act, 2004 and the Securities Act
Registrar	means JCSD or such other persons as may be appointed by the Company from time to time to provide the services of Registrar for the Company
Shareholder(s)	means holders of the Ordinary or Preference Shares as the context shall require
Staff	means senior managers and employees of the Company
Terms and Conditions	means the terms and conditions of the Invitation set out in Section 6 of this Prospectus
Terms of Issue	means the terms of the issue of the Preference Shares set out in Appendix 2 to 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 the financial information in respect of the 9 month period ended 30 September 2013 that is taken from the management accounts of the Company
Underwriter	means JMMBSL
\$	means the Jamaican dollar unless otherwise indicated

SECTION 2: IMPORTANT INFORMATION ABOUT THE PROSPECTUS

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 PREFERENCE SHARES

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Preference Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for Preference Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Preference 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 3: 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 Preference 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 Company
- any other factor negatively impacting on the realisation of the assumptions on which the Company's internal 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 4: SUMMARY OF KEY INFORMATION

The following summary information is derived from, and should be read in conjunction with, and is qualified by, the full text of this Prospectus. You are advised to read the entire Prospectus carefully before making an investment decision about this transaction. Your specific attention is drawn to the Risk Factors in Section 11 of this Prospectus. If you have any questions arising out of this Prospectus you should consult your stockbroker, licensed investment advisor, accountant, attorney-at-law or other professional advisor.

ISSUER:	Eppley Limited
SECURITIES:	50,000,000 Preference Shares subject to the right of the Company to issue further Preference Shares circumstances described in section 6.5.*
INVITATION PRICE:	\$6.00 per Preference Share payable in full on application by Approved Payment Method only
MATURITY DATE:	60 months maturing on 30 November 2018, subject to earlier redemption.
DIVIDEND:	9.5% per annum#
PAYMENT:	The first Dividend payment on the Preference Shares will become due and payable on December 30, 2013. Thereafter, Dividends will be due and payable monthly in arrears, on the 30 th day of each month or if such day falls on a day other than a business day then on the prior business day at the Agreed Rate per annum until the Maturity Date.
KEY TERMS OF ISSUE:	<p>Each Preference Share will carry the right to receive the Dividend, being a cumulative preferential dividend of 9.5% per annum calculated on the Invitation Price of each Share.</p> <p>The Preference Shares are redeemable by the Company on the Maturity Date. Redemption shall be effected at a price per Preference Share that is equivalent to the Invitation Price, and otherwise on terms that are specified by the Board of the Company for that purpose. See the Terms of Issue for more information on redemption of the Preference Shares.</p> <p>On a winding – up each Preference Shareholder will have a right to repayment of capital in priority to the Ordinary Shareholders. On the other hand, the rights of the Preference Shareholders will rank behind those of statutory and secured creditors of the Company in the event of a winding - up.</p> <p>The Preference Shares will not carry the right to vote save in narrowly prescribed circumstances including when the Dividend has not paid for more than 12 months; or on a winding up of the Company; or on a proposed variation of the rights of the holders of the Preference Shares.</p> <p>The Company also reserves the right to issue additional Preference Shares in the capital of the Company, ranking pari passu or otherwise.</p> <p>The Company has also covenanted for the benefit of the Preference Shareholders that, so long as any Preference Shares remain in issue and are allotted to one or more Preference Shareholders, the Company shall:</p> <ol style="list-style-type: none">1. Not incur any secured or other indebtedness by way of loan capital or other borrowings, that is in excess of 5 times its shareholders' equity;2. Abide by the terms of the Subordination Agreement with Stony Hill Capital Limited ("SHCL") for the purposes of subordinating the rights of that creditor of the Company to receive payments of interest in respect of any amounts owing to it by the Company to the rights of the Preference Shareholders to receive dividends. The Subordination Agreement permits the Company to repay principal amounts to SHCL when they fall due so long as this does not impair the ability of the Company to service the Preference Shares.

All Preference Shares will be issued fully paid and converted to Preference Stock Units on issue.

See the full Terms of Issue in Appendix 2 of the Prospectus.

APPLICATION: See Appendix 1 of this Prospectus.

TERMS AND CONDITIONS: See Section 6.5 of this Prospectus.

PAYMENT METHODS: See paragraph 7 of Section 6.5 of this Prospectus for full details.

TIMETABLE OF KEY DATES: Registration and Publication of Prospectus: Wednesday 13 November 2013
 Opening Date: Wednesday 20 November 2013
 Closing Date: Wednesday 27 November 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 Preference Share Allotments: All Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date.***

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

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

INTENTION TO LIST ON JSE: It is the intention of the Company to apply to the JSE to list the Preference Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the Preference 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 \$300,000,000 in the Invitation from subscriptions for Preference Shares by Applicants and/or the Underwriter; and (ii) other criteria for admission set out in the JSE Rules. If the Preference Shares in the Invitation are not fully subscribed as aforesaid, or if the Preference Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

*The Company reserves the right to issue up to 100,000,000 Preference Shares in the event that the Invitation is oversubscribed by Applicants and on that basis the total consideration for the subscription of shares in the Invitation would be greater than \$300,000,000 but will not exceed \$600,000,000.

** The Invitation will open at 9:00 a.m. on the Opening Date . Applications submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed.

***The Invitation will close at 4:00 p.m. on the Closing Date 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 Preference 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).

SECTION 5: CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS



13 November 2013

DEAR PROSPECTIVE INVESTORS,

The Board of Eppley Limited is pleased to invite you to apply for 50,000,000 Preference Shares in the capital of the Company on the terms set out in this Prospectus.

ABOUT THE COMPANY

The Company is a publicly-traded investment company. Currently, its investment strategy is to originate and purchase loans, leases and other forms of credit. In so doing, it provides funding to a wide cross-section of consumers, professionals and firms.

While the Company's credit investments are varied, they are generally focused in areas that are underserved by traditional providers of credit. As a result, the Directors believe that the Company's investment activities have the effect of generally increasing access of capital in Jamaica.

In its insurance premium financing portfolio, Eppley provides credit to thousands of clients annually, allowing policyholders to insure property and motor vehicles. In its lease and commercial loan portfolios, the Company is a financier of medium and large businesses, including some of what the Directors consider to be the most prominent firms in Jamaica. While these clients generally enjoy access to traditional credit, they value the enhanced solutions and service that the Company provides.

The Company employs an investing discipline and philosophy that is based on fundamental credit analysis. The Directors believe that the number of investments that it makes each year allows its Management to scrutinise key credit opportunities and therefore manage credit risk. The Directors also bring to the Company financial and investing expertise across various asset classes in Jamaica and internationally accumulated over many years.

Please read section 7 of this Prospectus for more information on the Company and its operations.

USE OF PROCEEDS

Since the Company's initial public offering of ordinary shares in July 2013, the Company has invested over \$250,000,000 in the expansion of its credit business. The Company is now seeking to raise \$300,000,000 by inviting Applications for 50,000,000 Preference Shares in the Invitation. See section 6.5 of the Prospectus for more information on the Terms and Conditions of the Invitation.

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 \$13,000,000 (inclusive of brokerage fees, legal fees, stamp duty fees, accountant's fees, Registrar's fees, filing fees, initial listing fees, marketing expenses, and underwriting fees, but exclusive of GCT).

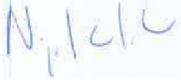
58 Half Way Tree Road, Kingston 10, Saint Andrew. Tel: 876-929-8451 | Fax: 876-920-1458

N.L. Clarke, M. Subratie, N. Scott, S. Donaldson, B. Thompson, M. Rochester, K. Collister, A. Melville, J. Scott

HOW TO MAKE AN APPLICATION FOR PREFERENCE SHARES

Those investors who are interested in subscribing for Preference Shares should read this Prospectus in its entirety inclusive of the full Terms and Conditions of the Invitation set out in Section 6.5, the Risk Factors in section 11 and the full Terms of Issue of the Preference Shares at Appendix 2, and then complete the Application set out in Appendix 1.

ON BEHALF OF THE BOARD OF EPPLEY LIMITED

A handwritten signature in blue ink, appearing to read "Nigel Clarke", is written over a light blue rectangular background.

NIGEL A. L. CLARKE, CHAIRMAN

SECTION 6: TERMS AND CONDITIONS OF THE INVITATION

6.1 GENERAL INFORMATION

Prospective investors should read this Prospectus carefully. Those prospective investors who wish to subscribe for Preference Shares should review the Terms of Issue before completing the Application set out in Appendix 1.

The Company invites Applications for 50,000,000 Preference Shares in the Invitation. All Preference Shares are priced at \$6 per Preference Share.

The Company reserves the right to make more Preference Shares available in the circumstances described in paragraph 11 of section 6.5, up to 100,000,000 Preference Shares.

If any of the Preference Shares are not subscribed by the general public, they will be subscribed by the Underwriter, JMMBSL, to a maximum amount of \$300,000,000.

The Invitation will open at 9:00 a.m. on the Opening Date, Wednesday 20 November 2013 and will close at 4:00 p.m. on the Closing Date, Wednesday 27 November 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 Preference 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 \$300,000,000. The issue is fully underwritten and if any of the Preference Shares are not subscribed by the general public, they will be subscribed by the Underwriter, JMMBSL, to a maximum amount of \$300,000,000.

6.3 USE OF PROCEEDS

The Company seeks to raise \$300,000,000 by inviting Applications for subscription for the Preference Shares from prospective investors. 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 \$13 million (inclusive of brokerage fees, underwriting fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, but exclusive GCT) after payment of related expenses. See section 14 for further details.

6.4 TERMS OF ISSUE OF THE PREFERENCE SHARES

The Preference Shares are issued subject to the Terms of Issue set out in Appendix 2 of this Prospectus.

6.5 TERMS AND CONDITION OF THE INVITATION

1. Status and Minimum Age of Applicants

Primary Applicants must be at least 18 years old.

2. Application Form

All Applicants must submit the Application Form provided at Appendix 1 to this Prospectus. Additionally, each duly completed and signed Application Form must be accompanied by:

- Copy of Applicant's valid identification (Driver's License, Passport or National ID)
- Copy of Applicant's TRN card

- **Payment for Preference Shares applied for TOGETHER WITH the JCSD processing fee of J\$110.00.**
- Payment must be made by an Approved Payment Method and must be taken to the locations specified at Appendix 3 of this Prospectus on or before 4:00 p.m. (Jamaica time) on the Closing Date.

3. Acceptance of Terms and Conditions by Applicants

All Applicants that have completed Application Form(s) 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 and in the Terms of Issue at Appendix 2.

4. 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 and in the Terms of Issue), 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 Preference Shares, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implications of subscribing for Shares and the tax implications thereof.

5. Minimum Application

Each Application must be for a minimum of 5,000 Preference Shares and be made in multiples of 200. Applications in other denominations will not be processed or accepted.

6. Share Price Information

All Preference Shares are priced at the Invitation Price.

7. How to Make Payments – Approved Payment Methods

All Applications must be accompanied by the appropriate payment for the Preference Shares together in the form of either:

- a manager's cheque made payable to “Eppley Preference Share Offer 2013”, or
- authorisation from the Applicant, instructing JMMB to make payment from cleared funds held in an investment account in the Applicant's name at JMMB, to an account held at JMMB in the name of Eppley Preference Share Offer 2013; or
- transfer in the Real Time Gross Settlement (“RTGS”) system to an account held at JMMB in the name of Eppley Preference Share Offer 2013, in the case of payments of \$2 million or more; or
- transfer via the Automated Clearing House (ACH) to an account held at JMMB in the name of Eppley Preference Share Offer 2013; or

- (e) transfer via NCB E-Link to an account held at JMMB in the name of Eppley Preference Share Offer 2013

All completed Applications must be delivered to the locations specified at Appendix 3 of this Prospectus on or before 4:00 p.m. (Jamaica time) on the Closing Date.

8. Early Applications and Order of Processing of Applications

Applications submitted to JMMB at locations specified at Appendix 3 of this Prospectus 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, Wednesday 20 November 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).

9. 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 Preference 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.

10. When Binding Contract is Formed

Neither the submission of an Application Form 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 Preference Shares by the Company to an Applicant (whether such Preference 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 Preference Shares, subject to the Articles of Incorporation of the Company and the terms and conditions set out in this Section 6.5 and the Prospectus generally.

11. Company's Option to Make Up to 100,000,000 Preference Shares Available for Subscription in the Invitation

The Company may elect, by resolution of a simple majority of the Board of the Directors passed at any time prior to 4:00 p.m. on the Closing Date, to make available further Preference Shares for subscription by Applicants in the Invitation subject to these Terms and Conditions. In the event that the Company exercises its discretion under this paragraph 11 it shall (a) make reference thereto in any announcement it issues for the purposes of the closing of the Invitation and the publication of the basis of Allotment; and (b) apply to the JSE to list such additional Preference Shares on the Junior Market of the Jamaica Stock Exchange. This is not a guarantee that any further Preference Shares will be issued in the Invitation by the Board of the Company, or that any of the Preference Shares will successfully be listed on the Junior Market of the JSE.

12. When Invitation is Successful

If the Invitation is successful in raising \$300,000,000 or more from Applicants' and/or the Underwriter's subscriptions, and the Preference Shares are admitted to trade on the Junior Market, Applicants will be

allotted Preference 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 JMMB. In the event that Company does not raise at least \$300,000,000 and/or the Preference Shares are not admitted to trading on the on the Junior Market, all payments for Preference 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 Preference 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 JMMB 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 JMMB 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 Preference Shares.

SECTION 7: INFORMATION ABOUT THE COMPANY

7.1 OVERVIEW

The Company is a publicly-traded investment company. Its current investment strategy is to originate and purchase loans, leases and other forms of credit. In so doing, it provides funding to a wide cross-section of consumers, professionals and firms.

History

The Company was founded in 1973 as Orrett and Musson Investment Company Limited, a wholly-owned subsidiary of General Accident Insurance Company (Jamaica) Limited (“General Accident”). Historically, the Company’s main business has been the financing of insurance premiums on behalf of policyholders of General Accident and other general insurers. In 2011, General Accident sold the Company to Musson Investments.

This year, the Company underwent a significant transformation. First, it increased its capital base by over 250% by raising private equity from institutional investors including ATL Pension Fund Trustees Nominee Limited (“ATL Pension”), one of the largest private pension funds in Jamaica by assets, and by subsequently launching an invitation for subscription for its Ordinary Shares on the Junior Market of the JSE. Second, the Company changed its investment strategy and increased its team of investment professionals. Since then it has deployed over a quarter of billion dollars to various credit investments. The Company also completed the current phase of its expansion by rebranding and changing its name to Eppley Limited.

Investment Strategy

The Directors believe that commercial credit, and in particular, areas of the market that are underserved by traditional lenders, offers attractive returns relative to the risk of default. The Directors currently believe that the Company is able to earn more favourable risk adjusted returns for its shareholders as a result of this investment strategy given that yields on alternative fixed income investments, such as sovereign and corporate bonds, are at their lowest levels in decades.

As a result, the Company’s current investment strategy is to invest in loans, leases, insurance premium financing and other forms of commercial credit. The Company invests in credit both by making loans directly to its customers and also, by purchasing portfolios of loans and leases from other lenders on the secondary market.

The Company’s management seeks out credit opportunities that have the highest possible return relative to the risk of default. The Directors consider that these opportunities generally exist either in areas in which the Company has a competitive advantage, and/or areas that are underserved by traditional credit providers. Examples of areas in which the Company has recently invested are summarized below.

Insurance premium financing

The Company’s traditional insurance premium financing business involves the provision of credit to both individuals and businesses who need to finance their insurance premiums, generally for personal lines motor and homeowners insurance contracts. The typical credit period is less than a year. Under the Company’s agreements with customers, its risk is principally secured by collateral in the form of the unearned premium of the underlying insurance contract. If the Company’s customer, who is also the policyholder under the contract of insurances, should default in paying over any amounts due or commit another breach, the insurer will void the contract of insurance and in those circumstances, the Company will receive from the insurer any unearned, remaining premium under the insurance policy. As a result, while the Company’s borrower is a policyholder, the Directors consider that the ultimate credit risk to the Company is actually that of a general insurance company.

Leasing

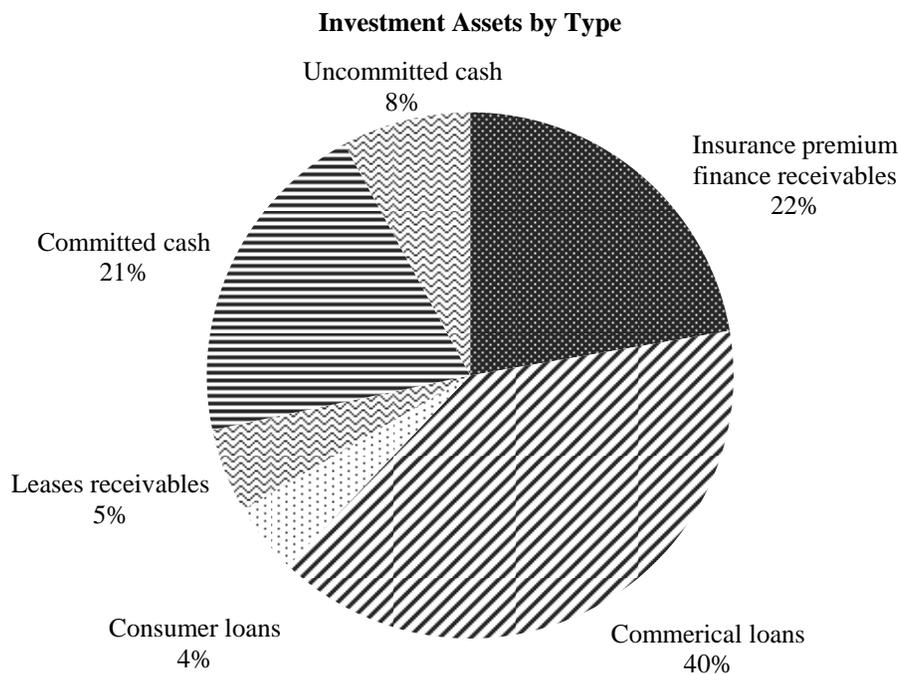
Leasing involves the provision of finance lease arrangements to commercial clients. Equipment that is leased by the Company includes industrial equipment and motor vehicles. The Directors consider that the Company's ability to design particular business leasing solutions provides its customers with several advantages over loan financing, including the ability to maximize cash flows, and increase corporate income tax efficiency. The Directors note that the Company retains the ownership of assets it leases and can attempt to monetize them in the event of a customer's default. The Directors consider that this structure lowers the ultimate risk of loss to the Company.

Commercial loans

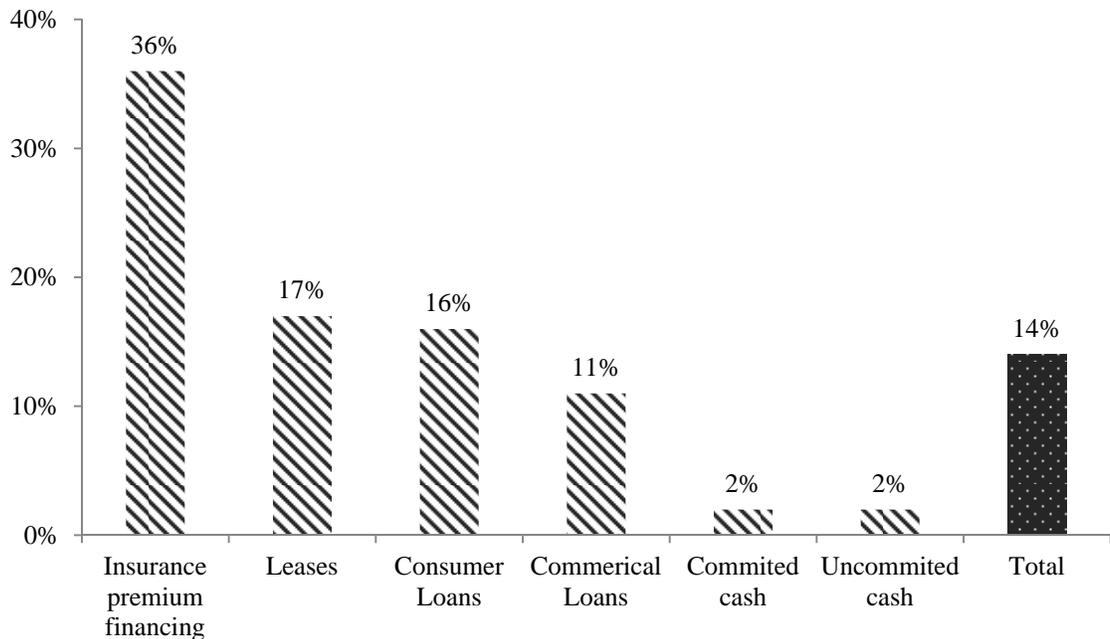
Commercial lending involves the provision of a variety of loans to businesses. The Directors consider that in most instances, the Company's business loans differ in structure from loans that are more widely available in the marketplace. The Directors consider the Company's corporate lending activities to be opportunistic. The Company's ability to lend is generally constrained solely by its risk appetite and credit assessment rather than by externally imposed considerations.

Investment Portfolio

As at 30 September 2013 the Company had total investment assets comprising of cash, loans and leases of \$437 million. The average annual yield of the Company's investment portfolio made up of its income producing assets was 14%. The portfolio's average maturity was approximately 15 months.



Yield by Type of Investment



Credit Risk Management

The Directors are ultimately responsible for managing the Company's credit risk. The Directors believe that the largest risk the Company faces is credit risk or the risk of loan losses due to default. The Company's primary means of mitigating this risk involves thorough due diligence investigation of each investment opportunity. Among other things, credit analysis considers the ability of a customer to honour its commitments to the Company, the fair value of the underlying collateral to be given to the Company for security purposes, any credit enhancements arising out of the investment and the contractual and other rights that would be available to the Company in the event of a default by the customer. The number of investments the Company makes annually allows its Management to dedicate time to evaluating key customer information for the purposes of assessing credit risk. In addition, all of the Company's investments are made in accordance with a credit policy ratified by the Board and approved by the Investment Committee, whose members have a long track record of investing in public and private markets as well as managing and governing large public companies, including regulated financial institutions. As of 30 September 2013 the Company's loans and lease receivables over 90 days, net of provisions was 0.5% of its total loans and leases.

7.2 GROUP

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

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 Ordinary Shares of the Company are listed on the Junior Market of the JSE the Company is subject to the Junior Market Rules which, amongst other things, require it to issue quarterly and audited annual financial information as well as timely announcements, and to maintain certain standards of good corporate governance.

The Company is also registered with the FSC as an issuer of securities for the purposes of the Securities Act, such securities being the Ordinary Shares. If the Invitation is successful and the Preference Shares are admitted to listing, the Company shall also be registered as an issuer of the Preference Shares. The FSC requires any issuer to meet similar requirements to those set out above in respect of the JSE.

The Company is subject to the Moneylending Act and has not sought any exemption to date, as it has not charged interest rates in excess of those contemplated by the Act for the purposes of such a waiver.

The business of the Company is not currently subject to financial regulation. However, the Government has recently introduced legislation to register and supervise private lenders, in the form of the Micro Credit bill. If the legislation is passed and the activities of the Company are deemed to be subject to it, the Company may be required to comply with additional regulation which could constrain its investment activities.

7.4 TAXATION

As at the date of the Prospectus:

LISTED PREFERENCE SHARES

Transfers of the Preference Shares on the JSE are exempt from transfer tax and stamp duty. However, transfers of Preference Shares not made on the JSE attract transfer tax (currently approximately 5%) and stamp duty (currently approximately 1%).

Preference Share dividends that qualify for treatment as a deductible expense of the chargeable income of the issuer and that are paid by the Company to Preference Shareholders who are resident in Jamaica, are not subject to withholding tax. On the other hand, Preference Share dividends paid by the Company to Preference Shareholders who are not resident in Jamaica are, however, subject to income withholding tax at the rate of $33\frac{1}{3}$ % if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.

Foreign resident Preference Shareholders who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any Preference Share dividends they may receive than that applicable to residents of Jamaica. Foreign resident Preference Shareholders will also have income tax on dividends withheld by the Company at source.

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

JUNIOR MARKET COMPANIES GENERALLY

The Company has been admitted to listing on the Junior Market. This will enable it to take advantage of a special concessionary tax regime provided that the Company remains listed on the JSE's Junior Market and/or Main Market for 15 years. Assuming that those conditions are met, in its first 5 years on the Junior Market, the Company will not be liable to pay any corporate income tax. In years 6 to 10 on the Junior Market, the Company will only be liable to pay corporate income tax at half the usual rate.

The Minister of Finance recently announced on 29 October 2013 that companies that have listed on the Junior Market of the JSE prior to 1 January 2014 will continue to enjoy their current benefits for the remainder of the unexpired incentive period. The Minister also announced that a mechanism is to be developed to allow for the capping of tax expenditures that will arise from this special scheme of tax relief. No details have yet been made available to the public in relation to the capping and whether it will apply to all Junior Market Companies, or only those that list on or after 1 January 2014.

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 as follows:

- 800,000 Ordinary Shares of which 796,249 Ordinary Shares are issued.
- 100,000,000 Preference Shares which have been authorized for issue as new Preference Shares of the Company on terms to be set by the Board

2. Dividend History

See section 13.1 for the dividend history of the Ordinary Shares.

3. Recent Capital Reorganisations and Change of Name

- At an extraordinary general meeting of the Company held on 12 November 2013 the shareholders approved the issue of 100,000,000 Preference Shares on terms to be set by the Board. At a meeting of the Board held on 12 November 2013 the Board set the Terms of Issue of the Preference Shares.
- 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, amongst others:
 - 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 change of the Company's name from Orrett and Musson Investment Company Limited to Eppley Limited.

5. Rights of Certain Ordinary 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 Ordinary 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 Limited ("Musson Investments") has the right to appoint 4 Nominated

Directors, and each of General Accident Insurance Company (Jamaica) Limited (“General Accident”), ATL Pension Fund Trustee Nominee Limited (“ATL Pension”) and Stony Hill Capital Limited (“SHCL”) and any further Shareholder holding 15% or more of the issued Ordinary 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 on the conversion of a Loan into Ordinary Shares, 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 Ordinary 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 the date of this Prospectus, the holdings of Ordinary Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

NAME OF ORDINARY SHAREHOLDER	NUMBER OF ORDINARY SHARES	% OF ISSUED ORDINARY SHARES
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%

The Preference Shares are newly issued Preference Shares of the Company and as such, at the date of the Prospectus there are no holders. Please note however that the Directors and current Ordinary Shareholders will be eligible along with the members of the general public to subscribe for the Preference Shares in the Invitation, at the Invitation Price.

7.7 APPLICABLE CERTIFICATIONS

As at the date 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 12 November 2013 confirming that the Company was incorporated under the Act on 29 May 1973 and that it filed all outstanding documents required to be filed.

7.8 REAL AND INTELLECTUAL PROPERTY

As at the date 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 the date of this Prospectus:

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
1 October 2013	JMMBSL	See section 13.1 for details	Agreement appointing JMMB as Lead Broker and Sole Selling and Listing Agent to the Company in the Invitation. See section 13.1 for details.
12 November 2013	JMMBSL	\$300,000,000	Underwriting Agreement having effect from the date of publication of the Prospectus. 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, the date of this Prospectus:

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
12 November 2013	Stony Hill Capital	Interest payments in respect of all outstanding indebtedness owed by the Company	Deed of Subordination with Stony Hill Capital Limited (“SHCL”) for the purposes of subordinating the rights of SHCL to receive payments of interest in respect of any amounts owing to it by the Company to the rights of the Preference Shareholders to receive dividends. The Deed also provides for payments of principal amounts to SHCL to be made when due so long as the Company’s ability to service the Preference Shares is not impaired.
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.
30 July 2013	Stony Hill Capital	On conversion of part of its loan to equity	Deed of adherence to Subscription and Shareholders’ Agreement
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	Stony Hill Capital	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 was converted into Ordinary Shares (121,666 Ordinary Shares) in the Invitation made subject to a Prospectus issued by the Company in July 2013.
23 September 2013	Stony Hill Capital	US\$402,788	Unsecured loan bearing interest at the rate of 9%. Interest is payable monthly and the principal amount is repayable no later than 4 months following disbursement on 23 September 2013
1 November 2012	General Accident	\$50,000,000 (principal)	Unsecured loan that bore interest at the rate of 5.25%. Interest was payable monthly. The loan has now been repaid.
31 March 2012	Seprod Limited	US\$3,000,000	Unsecured loan that bore interest at the rate of 9%. Interest was payable monthly. The loan has now been repaid.

7.11 LITIGATION

As at the date 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 the latest date 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

In respect of the Ordinary Shares, 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.

It is the Company's intention to pay Dividends on the Preference Shares in accordance with the Terms of Issue.

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 Deputy Chairman and Chief Financial Officer of the Musson group of companies. 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 Deputy 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 investment assets and executes a variety of financial transactions on behalf of Musson and certain of its subsidiaries. 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.

JENNIFER SCOTT, NON-EXECUTIVE DIRECTOR

Jennifer Scott is a Non-Executive Director of the Company and the Nominated Director of SHLC on the Board and the Chairman of the Remuneration Committee. She is also a director of General Accident.

Mrs. Scott is an attorney at Clinton Hart & Co. She holds a B.Sc.(Hons) in Psychology from Newcastle University, United Kingdom and later gained a Graduate Diploma in Legal Studies from Keele University, a Certificate of Legal Practice from the College of Law, London and was admitted as a Solicitor of Supreme Court of England and Wales. She attended Norman Manley Law School, and was admitted as an Attorney-at-Law of the Supreme Court of Jamaica.

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.

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 Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus, are set out below:

NAME OF DIRECTOR	NUMBER OF ORDINARY SHARES
Melanie Subratie	Interest in Musson Investments
Nigel Clarke	5,557
Nicholas Scott	8,358
Sharon Donaldson	800
Byron Thompson	2,000
Maxim Rochester	3,978

Save as set out above, no Director or senior Manager receives Ordinary Shares, Preference Shares, or options in respect of any such shares, in consideration of the services rendered by him or her to the Company.

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 (Chairman)
Melanie Subratie (Member)	Maxim Rochester (Independent Member)
Alexander Melville (Independent Member)	Alexander Melville (Independent Member)
Sharon Donaldson (Member)	(blank)

INVESTMENT COMMITTEE
Melanie Subratie (Chairman)
Dr. Nigel A. L. Clarke (Member)
Nicholas Scott (Member)
Sharon Donaldson (Member)
Keith Collister (Member)
Jennifer Scott (Member)

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. 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 credit activities.

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 approximates 5.75%. This reduction in interest rates is the principal driver of the Company’s decrease in interest income since 2010.

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, has not declined as rapidly. The pace of this reduction in borrowing costs is the main reason that Company’s interest expense has declined, albeit not as rapidly as its interest income. As a consequence, the Company’s average net income spread has tightened from 15% in 2008 to 8% in 2012.

	Audited Dec 31 2012 \$'000	Audited Dec 31 2011 \$'000	Audited Dec 31 2010 \$'000	Audited Dec 31 2009 \$'000	Audited Dec 31 2008 \$'000
Average operating assets	542,283	525,737	492,033	491,408	271,389
Interest income	<u>79,342</u>	<u>87,879</u>	<u>130,459</u>	<u>138,782</u>	<u>75,971</u>
<i>Average return on operating assets</i>	<i>15%</i>	<i>17%</i>	<i>27%</i>	<i>28%</i>	<i>28%</i>
Average operating liabilities	411,218	408,334	374,806	376,388	207,758
Interest expense	<u>29,381</u>	<u>29,720</u>	<u>45,134</u>	<u>51,143</u>	<u>26,836</u>
<i>Average cost of operating liabilities</i>	<i>7%</i>	<i>7%</i>	<i>12%</i>	<i>14%</i>	<i>13%</i>
<i>Average net interest income spread</i>	<i>8%</i>	<i>9%</i>	<i>14%</i>	<i>15%</i>	<i>15%</i>
<i>Growth in operating assets</i>	<i>3%</i>	<i>7%</i>	<i>0%</i>	<i>83%</i>	<i>159%</i>
<i>Growth in operating liabilities</i>	<u><i>1%</i></u>	<u><i>9%</i></u>	<u><i>0%</i></u>	<u><i>81%</i></u>	<u><i>252%</i></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 Dec 31 2012 \$'000	Audited Dec 31 2011 \$'000	Audited Dec 31 2010 \$'000	Audited Dec 31 2009 \$'000	Audited Dec 31 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 Dec 31 2012 \$'000	Audited Dec 31 2011 \$'000	Audited Dec 31 2010 \$'000	Audited Dec 31 2009 \$'000	Audited Dec 31 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

Capitalization

Eppley's financial position as at September 30, 2013 as compared to a year earlier reflects the recapitalization of the business that occurred in second quarter of this year. The Company's share capital rose \$180.9 million as it received the proceeds of both its private equity financing round and its listing on the Junior Market of the Jamaica Stock Exchange. Eppley's borrowings at the end of the third quarter were \$109.4 million or 0.4x of its capital base.

Portfolio

As at the end of the quarter most of the funds raised by Eppley earlier this year had been invested in a variety of credit products. While cash as listed on the statement of financial position was \$121.0 million, net of commitments, uncommitted cash on hand was approximately \$33 million at the end of the quarter.

Eppley has deployed in excess of a quarter of a billion dollars to credit products since June, the vast majority of which occurred subsequent to its listing on the Junior Market of the Jamaica Stock Exchange. At the end of the quarter, Eppley had a \$437 million investment portfolio. The portfolio had an average yield of 14%, which represents the weighted average interest rate of all its interest bearing or operating assets. The portfolio had an average tenor of 15 months.

Financial Performance

Eppley's profit after tax for the 9 months ended September 30, 2013 was \$23 million. In the same period last year the Company's profit after tax was \$12 million. The Company made \$15 million of net profit in all of 2012. The Directors consider that the significant growth in profitability of the Company is attributable mainly to its recapitalization and the modification of its investment strategy earlier this year as described above. In addition, the growth of the Company's other income increased significantly mainly as a result of an increase in the fees it charges its clients and as a result of foreign exchange gains on its net financial assets and compensated for declines in its net interest income during the period.

SECTION 10: FINANCIAL INFORMATION



Report of the Independent Auditor on the Summary Financial Statements

To the Board of Directors of
Eppley Limited

The accompanying summary financial statements, which comprise the summary statements of financial position as at 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2011, and 31 December 2012, and the summary statements of comprehensive income for the years then ended are derived from the audited financial statements of Orrett and Musson Investment Company Limited for the years ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2011, and 31 December 2012. We expressed unmodified audit opinions on those financial statements in our reports dated 22 June 2009, 5 May 2010, 10 June 2011, 20 July 2012 and 17 June 2013, respectively. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Orrett and Musson Investment Company Limited.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Orrett and Musson Investment Company Limited for the years ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2011, and 31 December 2012 are consistent, in all material respects, with those financial statements, from which they were derived.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
Kingston, Jamaica

13 November 2013

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

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	463,350	627,196	436,733	563,282	431,626
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	362,249	541,157	381,046	446,898	364,710
SHAREHOLDERS' EQUITY					
Share capital	300	300	300	300	300
Retained earnings	100,801	85,739	55,387	116,084	66,616
Total shareholders' equity	101,101	86,039	55,687	116,384	66,916
TOTAL LIABILITIES AND EQUITY	463,350	627,196	436,733	563,282	431,626

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>(13,964)</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>30,487</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

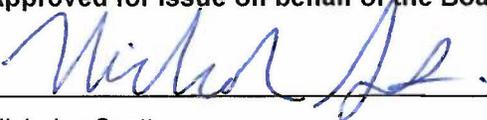
Statement of Financial Position

31 December 2012

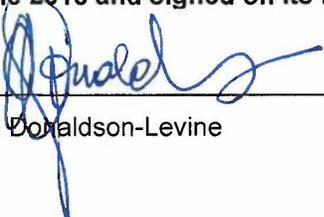
(expressed in Jamaican dollars unless otherwise indicated)

	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

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(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

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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

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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

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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

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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

31 December 2012

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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	2011
	\$'000	\$'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

Notes to the Financial Statements

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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.

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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

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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

Notes to the Financial Statements

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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	-

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Notes to the Financial Statements

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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>

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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

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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

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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>

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

18. Borrowings

	2012 \$'000	2011 \$'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>345,820</u>	<u>465,449</u>
(a) Short term loans		
	2012 \$'000	2011 \$'000
(i) Fellow subsidiary	66,135	62,476
(ii) Affiliate	<u>500</u>	<u>500</u>
	<u>66,635</u>	<u>62,976</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 \$'000	2011 \$'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>

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.

Orrett and Musson Investment Company Limited

Notes to the Financial Statements

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

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.

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

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	9 months ended	9 months ended	3 months ended	3 months ended	12 months ended
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012	Dec. 2012
Net Investment Income					
Interest Income	45,180	59,276	14,880	20,456	79,342
Interest expense	<u>(10,854)</u>	<u>(22,220)</u>	<u>(1,280)</u>	<u>(7,240)</u>	<u>(29,381)</u>
Net interest income	34,325	37,056	13,600	13,215	49,961
Other operating income	17,287	7,406	5,880	2,938	10,195
Administrative expenses	<u>(23,612)</u>	<u>(26,188)</u>	<u>(9,183)</u>	<u>(6,695)</u>	<u>(36,292)</u>
Profit before Taxation	28,001	18,273	10,297	9,458	23,864
Taxation	<u>(4,959)</u>	<u>(6,091)</u>	<u>(533)</u>	<u>(3,153)</u>	<u>(8,802)</u>
Net Profit being Total Comprehensive Income for the Year	<u><u>23,042</u></u>	<u><u>12,182</u></u>	<u><u>9,764</u></u>	<u><u>6,305</u></u>	<u><u>15,062</u></u>
EARNINGS PER SHARE	48.19	40.61	13.43	21.02	50.21

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

	Unaudited	Unaudited	Audited
	Sept. 2013	Sept. 2012	Dec. 2012
ASSETS			
Cash and deposits	120,972	12,966	3,361
Taxation recoverable	235	20	22
Other receivable	4,543	331	-
Insurance premium financing receivables	95,170	105,838	58,662
Loans receivable	188,828	403,117	399,197
Lease receivable	22,098	-	-
Property, plant and equipment	<u>4,787</u>	<u>2,194</u>	<u>2,108</u>
Total assets	<u>436,632</u>	<u>524,466</u>	<u>463,350</u>
LIABILITIES			
Due to related parties	3,454	9,622	1,653
Taxation payable	6,040	3,779	3,707
Deferred taxation	207	1,340	207
Borrowings	109,393	361,136	345,820
Other liabilities	<u>12,504</u>	<u>50,367</u>	<u>10,862</u>
Total liabilities	<u>131,598</u>	<u>426,244</u>	<u>362,249</u>
SHAREHOLDERS' EQUITY			
Share capital	181,189	300	300
Retained earnings	<u>123,844</u>	<u>97,922</u>	<u>100,801</u>
Total shareholders' equity	<u>305,034</u>	<u>98,222</u>	<u>101,101</u>
Total liabilities and shareholders' equity	<u>436,632</u>	<u>524,466</u>	<u>463,350</u>

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

	Share Capital	Retained Earnings	Total
Balance as at 1 January 2012	300	85,739	86,039
Total Comprehensive Income for the Period	-	12,182	12,182
Balance as at 30 September 2012	<u>300</u>	<u>97,922</u>	<u>98,222</u>
Balance as at 1 January 2013	300	100,801	101,101
Total Comprehensive Income for the Period	-	23,043	23,043
Issue of Shares	180,889	-	180,889
Balance as at 30 September 2013	<u>181,189</u>	<u>123,844</u>	<u>305,034</u>

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

	Unaudited	Unaudited	Audited
	9 months	9 months	12
	ended	ended	months
	Sept. 2013	Sept. 2012	ended
			Dec.
			2012
Cash Flows from Operating Activities			
Net profit	23,042	12,182	15,062
Adjustments for items not affecting cash:			
Depreciation	774	235	321
Gain on disposal of property, plant and equipment and intangible asset	-	(120)	(120)
Interest income	(45,180)	(59,276)	(79,342)
Interest expense	10,854	22,220	29,381
Exchange (gains)/losses on foreign balances	(14,862)	(9,822)	(24,272)
Taxation	4,959	6,091	8,802
	<u>(20,413)</u>	<u>(28,490)</u>	<u>(50,168)</u>
Changes in non-cash working capital components:			
Other receivables	(4,543)	(312)	19
Insurance premium financing receivables	(36,508)	64,251	111,427
Loans receivable	195,195	44,467	26,494
Interest received	45,247	59,276	100,394
Other liabilities	1,642	(5,409)	(44,914)
Due to related parties	1,801	109	(7,860)
	<u>182,421</u>	<u>133,892</u>	<u>135,392</u>

Taxation paid	(2,839)	(11,411)	(14,148)
Interest paid	<u>(10,854)</u>	<u>(22,220)</u>	<u>(29,381)</u>
Net cash provided by/(used in) operating activities	<u>168,728</u>	<u>100,261</u>	<u>91,863</u>
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(3,453)	(158)	(158)
Leases receivable, net	(22,098)	-	-
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>500</u>	<u>500</u>
Net cash provided by investing activities	<u>(25,551)</u>	<u>342</u>	<u>342</u>
Cash Flows from Financing Activities			
Loans received	145,161	62,819	63,434
Loans repaid	(347,165)	(156,791)	(158,689)
Proceeds from share issue	180,889	-	-
Net cash (used in)/provided by financing activities	(21,115)	(93,972)	(95,255)
Increase/(Decrease) in net cash balance	122,063	6,631	(3,050)
Effects of foreign exchange rates changes on cash and cash equivalents	(4,452)	(178)	(102)
Cash and cash equivalents at beginning of year	3,361	6,513	6,513
CASH AND CASH EQUIVALENTS AT END OF PERIOD	120,972	12,966	3,361

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, preference shares and borrowings. As a result, the Company relies on its ability to borrow and/or issue ordinary and preference shares 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 as contained in its credit policy and ratified by its Board.

Customer Default

The successful operations of the Company also depend on its 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 may be 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 Preference Shares in the Invitation will not confer legal or effective control of the Company on Applicants. The Company is controlled by certain holders of the issued Ordinary Shares namely Musson Investments Limited, Stony Hill Capital Limited, ATL Pension Fund Trustees Nominee Limited, and General Accident Insurance Company (Jamaica) Limited.

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 Ordinary or Preference Shares

Following their proposed admission to trading on the JSE the Preference Shares, like the Ordinary 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 now 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, including investing in other asset classes.

Revocation of Tax Concessions Risk

The Company is admitted to the Junior Market. It must remain listed on either the Junior Market or the Main Market for a period of fifteen years in order to be eligible for a concessionary tax regime as described in Section 7.4. The instrument governing the concessionary tax regime is the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice dated 13 August 2009 which was made by the Minister of Finance under Section 86 of the Income Tax Act. The instrument provides that if the Company is de-listed at any time during the fifteen year period it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have been applicable to it during the concessionary period.

The Minister of Finance recently announced on 29 October 2013 that companies that have listed on the Junior Market of the JSE prior to 1 January 2014 will continue to enjoy their current benefits for the remainder of the unexpired incentive period. The Minister also announced that a mechanism is to be developed to allow for the capping of tax expenditures that will arise from this special scheme of tax relief. No details have yet been made available to the public in relation to the capping and whether it will apply to all Junior Market Companies, or only those that list on or after 1 January 2014.

SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY

Lead Arranger and Sole Selling and Listing Agent

JMMB Securities Limited
6 Haughton Terrace
Kingston 10

Underwriters

JMMB Securities Limited
6 Haughton Terrace
Kingston 10

Auditors

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Kingston

Attorneys

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Registrars and Transfer Agents for the Ordinary Shares and the Preference Shares

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 Ordinary 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
Jennifer Scott, 4A Manor Court, Kingston 8, 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 \$300,000,000.
6. The Invitation will open for subscription at 9:00 a.m. on Wednesday 20 November 2013 and will close at 4:00 p.m. on the Closing Date, Wednesday 27 November 2013 subject to the Company's right to close the application list at any time without notice 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 and/or offer Preference Shares greater in number than originally offered.
7. All Applicants will be required to pay in full the price of \$6 per Preference Share as specified in the terms and conditions set out in Section 6.5 of this Prospectus. No further sum will be payable on allotment.
8. The Company invited applications for subscription for 218,999 Ordinary Shares at the price of \$377 per Share from the public, subject to a prospectus dated 10 July 2013 that was registered under the Companies Act. Such Ordinary Shares were valued at \$82.56 million and were allotted fully paid and listed on the Junior Market of the Jamaica Stock Exchange, in each case on 29 July 2013. The Company was also registered as an issuer of the Ordinary Shares pursuant to s.26 of the Securities Act.

Prior to that, on 29 May 2013 the Company entered into a Subscription and Shareholders' Agreement under which each of General Accident and ATL Pension subscribed privately 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.
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 September 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 investments of \$120,972,000 in the form of cash and deposits.

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 September 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 \$131,598,000 in the aggregate consisting of the following:

Due to related parties	\$3,454,000
Taxation payable	\$6,040,000
Deferred taxation	\$207,000
Borrowings	\$109,393,000
Other liabilities	\$12,504,000
Total liabilities	\$131,598,000

13. In the period represented by the Audited Financial Information the Company paid dividends on the Ordinary 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 \$13 million (inclusive of brokerage fees, underwriting fees, legal fees, auditors' fees, the Registrar's fees, stamp duties and other document filing fees, initial listing and other JSE and JCS D fees and GCT). Of those expenses the most material are the brokerage and underwriting fees set out in paragraph 17, and the legal fees of Patterson Mair Hamilton, Attorneys-at-law, which amount to \$1.35 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 JMMBSL, by virtue of an engagement letter dated October 1, 2013. Under the terms of the engagement JMMBSL is entitled to receive fees as follows: (a) a brokerage and listing agent's fee of 2% of the value of the total amount raised and accepted by the Company in the Invitation; and (b) an underwriting

fee of 1.5% of the value of the total amount raised and accepted by the Company in the Invitation. 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 of this Prospectus.
19. The external auditors of the Company are PricewaterhouseCoopers (“PWC”) 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.
22. The share capital of the Company consists of two classes of shares, namely Ordinary Shares and redeemable preference shares. All Ordinary Shares rank pari passu in respect of the capital and dividends and carry voting rights in the Company. The preference shares in rank pari passu in respect of the capital and dividends and none of the preference shares have voting rights in the Company, save in narrowly prescribed circumstances fixed by the Terms of Issue

13.2 Taxation of Listed Shares

- Section 17(1)(d) of the Transfer Tax Act provides that transfers of Ordinary Shares or Preference Shares made in the ordinary course of business on the JSE 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.
- Off – market transfers of the Ordinary Shares and the Preference Shares not made on the JSE attract both transfer tax and stamp duty, the combined rate of which is currently approximately 6%.
- 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 the foregoing, the Government recently announced that dividends on the Ordinary Shares 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.
- Preference Share dividends that qualify for treatment as a deductible expense of the chargeable income of the issuer and that are paid by the Company to Preference Shareholders who are resident in Jamaica are not subject to withholding tax.
- On the other hand, Ordinary Share and Preference Share dividends paid by the Company to Shareholders who are not resident in Jamaica are subject to income withholding tax at the rate of 33¹/₃ % if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.
- Foreign resident Ordinary Shareholders or Preference Shareholders who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any Preference Share dividends they may receive than that applicable to residents of Jamaica. Foreign resident Preference Shareholders will also have income tax on dividends withheld by the Company at source.

- Each prospective Preference Shareholder should consult with an independent adviser as to the rate of withholding and other taxes that is applicable to them.
- Prospective investors also 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:

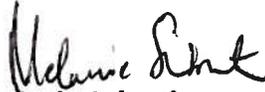
1. The Articles of Incorporation of the Company adopted 30 May 2013.
2. The Material Contracts described in section 7.9.
3. The audited accounts of the Company for the 5 financial years ended 31st December 2008 to 2012 inclusive.
4. The consent of the auditors to the inclusion of each of their names 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 Clarke



Melanie Subratie



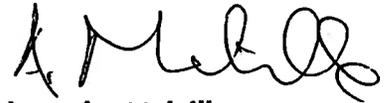
Nicholas Scott



Sharon Donaldson



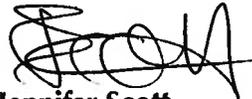
Maxim Rochester



Alexander Melville



Keith Collister



Jennifer Scott



Byron Thompson

APPENDIX 1: APPLICATION FORM

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: **EPPLEY LIMITED** ("Eppley" or the "Company")

Re: Shares for Subscription in respect of up to 50,000,000.00 units of Preference shares being offered made pursuant to the Prospectus dated and registered the registration date ~~Wednesday~~ **November 13, 2013**. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for shares in **Eppley** on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of \$6.00 each, and:

I/we attach my/our cheque numbered J\$ *Inclusive* of processing fees of J\$110.00 payable to Eppley Preference Share Offer 2013.

I/we request Jamaica Money Market Brokers (JMMB) to make payment on my/our behalf from cleared funds held by JMMB in my/our name in account numbered I/We hereby instruct JMMB to debit my/our account with the sum of J\$ for the purposes of my/our subscription of shares and processing fees of J\$110.00.

I/we will transfer the sum of J\$ electronically to JMMB via Real Time Gross Settlement (RTGS)/Automated Clearing House (ACH) as noted below at Note 7, for the purposes of my/our subscription of shares and processing fee of \$110.00

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of **Eppley**, by which I/We agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed. A JCSD Account Number must be provided in order for the application to be processed.

PRIMARY HOLDER DETAILS

FIRST NAME **LAST NAME** **MIDDLE INITIAL(S)**

COMPANY NAME

TITLE **TAXPAYER REGISTRATION NUMBER** **JCSD ACCOUNT NUMBER** **BROKER #** **BROKER ACCOUNT#**

OCCUPATION OR, IF EMPLOYED BY THE COMPANY PLEASE STATE YOUR POSITION, OR STATUS IF YOU ARE A PRIORITY SHARE APPLICANT

MAILING ADDRESS LINE 1

MAILING ADDRESS LINE 2

MAILING ADDRESS LINE 3

CITY (E.G. KINGSTON) **POSTAL CODE (E.G. 6)** **COUNTRY**

TELEPHONE NUMBER (HOME) **TELEPHONE NUMBER (WORK)** **TELEPHONE NUMBER (CELL)**

SIGNATURES:

INDIVIDUAL: _____ DATE SIGNATURE AFFIXED: _____
 COMPANIES (COMPANY SEAL OR STAMP REQUIRED): _____
 DIRECTOR: _____ DIRECTOR/SECRETARY: _____ DATE SIGNATURES AFFIXED: _____

JOINT HOLDER INFORMATION

FIRST NAMED JOINT HOLDER

FIRST NAME	LAST NAME	MIDDLE INITIALS
OCCUPATION	TAXPAYER REGISTRATION NUMBER	SIGNATURE

SECOND NAMED JOINT HOLDER

FIRST NAME	LAST NAME	MIDDLE INITIALS
OCCUPATION	TAXPAYER REGISTRATION NUMBER	SIGNATURE

REFUND OPTION:

- 1 CLIENT JMMB A/C NO. _____
- 2 PICK-UP REFUND CHEQUE AT BROKER OFFICE WHERE APPLICATION WAS SUBMITTED

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. Applications must be for a minimum of 5,000 shares with increments in multiples of 200 shares. Applications in other denominations will **not** be processed or accepted.
2. 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 “Eppley Preference Share Offer 2013”
 - B. Authorization on the Application Form from the Applicant instructing JMMB to make payment from cleared funds held in an investment account in the Applicant’s name at JMMB; or
 - C. Transfer in the Real Time Gross Settlement (“RTGS”) system to JMMB, in the case of payment of \$2 million or more or transfer via ACH or NCB E-Link as follows:

RTGS – For transactions valued at J\$2M or more

RTGS - Retail Clients

Beneficiary Bank: Citibank
Beneficiary Bank’s BIC: CITIJMK1
Bank Routing Number: 00001026
RTGS Account Number: 1031
Account Type: Chequing
Account Name: Jamaica Money Market Brokers
Account Number: 0019363678

RTGS – Corporate

Account Name: Jamaica Money Market Brokers
BIC: JMMBJMK1
RTGS Account Number: 151637

ALL OTHER ELECTRONIC TRANSFERS:-

ACH

Beneficiary Bank: National Commercial Bank, Duke Street
Account Type: Chequing
Account Name: Jamaica Money Market Brokers Limited
Account Number: 062015659

*SPECIAL INSTRUCTIONS: FOR FURTHER CREDIT TO JMMB A/c 2948173 INO EPPLBY PREFERENCE SHARE OFFER 2013.

****NOTE****

SEND EMAIL TO JMMB AT CENTRALIZED_PROCESSING@JMMB.COM WITH RECORD OF THE INVESTMENT I.E. STAMPED INVESTMENT VOUCHER, DETAILS OF ACH TRANSFER, AMOUNT TRANSFERRED ETC.

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. Primary 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
- PAYMENT REFERENCE NUMBER 1 PAYMENT REFERENCE NUMBER 2 PAYMENT REFERENCE NUMBER 3

Broker Stamp and Signature: _____

APPENDIX 2: TERMS OF ISSUE

Terms of Issue of Cumulative Redeemable 9.5% Preference Shares

In these Terms of Issue:

Act	means the Companies Act, 2004 and any amendment thereof
Agreed Rate	means an amount that is equivalent to 9.5% per annum calculated on the value of each Preference Share
Business Day	means a date, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica
Company	means Epley Limited, a company incorporated under the laws of Jamaica with its registered office at 58 Half Way Tree Road, Kingston, Jamaica
Maturity	means the day falling 60 months after the issue of the Preference Shares
Registrar, Transfer and Paying Agent	means the Jamaica Central Securities Depository Limited, a company incorporated under the laws of Jamaica with its registered office at 40 Harbour Street, Kingston, Jamaica

The preference shares shall be denominated as the “Cumulative Redeemable 9.5% Preference Shares 2018” (the “Preference Shares”) conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:

(1) As to dividend income:

The right to a preferential dividend at the Agreed Rate, payable to registered holders of the Preference Shares monthly in arrears when due, on the last Business Day of the calendar month, in Jamaican Dollars, by the Registrar and Paying Agent on behalf of the Company. The right to such dividend is cumulative such that any preferential dividend due to be paid and remaining unpaid shall remain due and owing until it is repaid in full.

(2) As to repayment of capital:

The right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of ordinary shares and *pari passu* with all other preference stock units in the capital of the Company of:

- (a) any arrears or accruals of the preferential dividend on the Preference Shares that is due to be paid at the Agreed Rate whether declared or earned or not or calculated down to the date of such repayment; and
- (b) a right to return of the amount paid up in respect of each Preference Share,

in each case, as at the date fixed by the Board for the purposes of such repayment and in priority to any repayment of capital to the holders of the ordinary shares but to no further or other right to share in the secured assets, or any surplus assets, of the Company on a winding up.

(3) As to voting:

Save as provided herein and in paragraph (4) below the Preference Shares shall NOT carry the right to vote at any general meeting of the Company EXCEPT:

- (a) in circumstances where the dividend on the Preference Shares is due to be paid in accordance with these Terms of Issue and such dividend remains unpaid for a period greater than 12 months; and/or
- (b) a resolution to wind-up the Company has been tabled for consideration in accordance with the Act,

AND in any such event, every holder of Preference Share present in person or by proxy shall have one (1) vote, and on a poll every holder of a Preference Share, present in person or by proxy, shall have one (1) vote for each Preference Share of which he is the holder.

(4) As to further issues of Preference Shares (or any other preference shares):

The Company may without any consent or sanction of the holders of the Preference Shares create and issue further preference shares, the same to be converted into preference stock units either:

- (a) ranking *pari passu* and identically in all respects and so as to form one class with the existing Preference Shares; and/or
- (b) ranking *pari passu* therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Shares,

provided always that if the Company shall have issued and there be outstanding any further preference stock units not being Preference Shares in accordance with the above, then such further preference shares shall be deemed to constitute a separate class of shares for the purposes of the Articles of Incorporation of the Company.

Subject to the provisions of this paragraph the rights attaching to the Preference Shares may not be varied either while the Company is a going concern, or during or in contemplation of a winding-up of the Company without the consent in writing of the holders of three-fourths (3/4) of the issued Preference Shares or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise.

To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to proceedings thereat shall, *mutatis mutandis* apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy five (5) per cent in nominal amount of the issued Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Shares shall, on a poll, have one vote in respect of each Preference Share held by them respectively.

For the avoidance of doubt, at any such meeting every holder of a Preference Share present in person or by proxy shall have one (1) vote, and on a poll every holder of a Preference Share, present in person or by proxy,

shall have one (1) vote for each Preference Share of which he is the holder.

(5) As to redemption:

The Preference Shares shall be issued as redeemable preference shares and, subject to the provisions of the Act and the terms and conditions set out in this paragraph (5), redemption of some or all of the Preference Shares in issue shall be effected in the following manner:

Mandatory redemption:

On Maturity at a price per Preference Share that is equivalent to the issue price, and otherwise on terms that are specified by the Board of the Company for that purpose. In the case of any such redemption the Company shall give the holders of the Preference Shares not less than 30 days' notice of mandatory redemption.

General provisions for redemptions:

Any circular or notice issued by the Company for the purposes of this paragraph (5) shall:

- (a) fix the, date, time and place for the redemption of the Preference Shares;
- (b) specify the redemption price, how many of the particular Preference Shares are to be redeemed, and whether redemption is optional or mandatory;
- (c) provide instructions to the registered holders of the Preference Shares to deliver to the Company any certificates in respect of the Preference Shares for cancellation, or other evidence of ownership of the Preference Shares specified in the notice, provided always that the Company may in its sole discretion refuse to accept such evidence of ownership, or accept such substituted evidence of ownership as it considers reasonable for the purposes of redemption whether or not such substituted evidence is provided by the registered holder or is otherwise available to the Company;
- (d) in the case of a circular, be posted to the registered holders of the Preference Shares not less than twenty one (21) and not more than thirty (30) days prior to the date of redemption, and in the case of a notice such notice shall also appear in a national newspaper in Jamaica at least 21 days prior to the date of redemption;
- (e) in the case of a proposed redemption of Preference Shares not comprising all of the Preference Shares then in issue, the Company shall provide for redemption *pro rata* to holdings at the time of redemption, and
- (f) provide for payment of any arrears of dividend calculated at the Agreed Rate up to a date fixed by the Company and set out in the circular or notice (as the case may be).

As from the time of the issue of any circular or notice of redemption the Preference Shares specified in the said circular or notice shall cease to accrue dividends, save and except in respect of any Preference Shares in respect of which payment due on such redemption was refused.

In the event that at any such time for redemption the Company is permitted to redeem only some of the Preference Shares, it shall redeem such Preference Shares at such time and it shall redeem the remaining Preference Shares at any time subject to these Terms, and in the sole discretion of the Company.

Payments by the Company to the registered holders of the Preference Shares for the purposes of this paragraph 5 shall be made in cash.

On redemption of any Preference Shares, and subject always to the provisions of the Act, the said Preference Shares may be:

- (i) cancelled or held in treasury and in either case, such Preference Shares shall be capable of re-issue; and/or
- (ii) converted into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same nominal amount as the Preference Shares.

All redemption payments shall be made gross of any applicable fees and taxes (save for withholding taxes required to be held at source under Jamaican law), and brokerage fees and Jamaica Stock Exchange fees (as applicable).

(6) Other rights:

The Preference Shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote, save as set out below and in these Terms of Issue generally:

The Company represents, warrants and covenants for the benefit of the Preference Shareholders that, so long as any Preference Shares remain in issue and are allotted to one or more holders, the Company shall:

1. Not incur any indebtedness (whether such indebtedness is secured or not) that in the aggregate exceeds 5 times the Shareholders' equity and for this purpose, "indebtedness" shall mean loan capital or other borrowings by the Company excluding, for the avoidance of doubt, any amounts due on the Preference Shares; and
2. Enter into and abide by the terms of a Subordination Agreement with Stony Hill Capital Limited ("SHCL") dated 12 November 2013 for the purposes of subordinating of SHCL to receive payments of interest in respect of any amounts owing to it by the Company to the rights of the Preference Shareholders to receive dividends in accordance with paragraph (1). The Subordination Agreement permits the Company to pay principal amounts to SHCL when due, provided that, in the sole discretion of the Company, there is no impairment of its ability to pay dividends in respect of the Preference Shares in accordance with paragraph (1), or to effect redemption on the Maturity Date in accordance with paragraph (5).

(7) Conversion to Preference Stock Units on Issue:

As it is intended that the Cumulative Redeemable Preference Shares shall be converted to Preference Stock Units on issue, references in these terms to "Preference Shares" shall be construed to mean on issue of the same, "Preference Stock Units".

**APPENDIX 3: JMMB LOCATIONS WHERE
APPLICATIONS MAY BE SUBMITTED**

Personal Portfolio Management Centre
(PPM CENTRE)
23 Phoenix Avenue, Kingston 10

Haughton Terrace Branch
5 Haughton Avenue
Kingston 10

Brown's Town Agency
Unit 3, Burlington Point
2 Church Street
Brown's Town, St. Ann

Junction Agency
Shop 2, Roye's Plaza
Main Street, Junction
St. Elizabeth
Tel: 876 965-8005

Ocho Rios Branch
Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann

Portmore Branch
47-48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine

Mandeville Branch
JMMB Limited
23 Ward Avenue
Mandeville, Manchester

Montego Bay Branch
Suite 1
Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James

May Pen Branch
Shop 28B, Bargain Village Plaza
35 Main Street
May Pen, Clarendon

Santa Cruz Branch
Shop # 2 Oasis Plaza, Coke Drive
Santa Cruz, St. Elizabeth

MERCHANT BANK LOCATIONS

Head Office & New Kingston Branch
6-8 Grenada Way
Kingston 5

Montego Bay Branch
25 Church Street
Montego Bay, St. James

Ocho Rios Branch
2 Graham Street
Ocho Rios St. Ann