



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

November 13, 2014

Fellow Shareholders,

Eppley produced earnings per share of \$49.84 in the first nine months of the year, a 13.2% return on our \$377 per share listing price.

At the end of the quarter, our net asset value was \$426 per share.

Portfolio

At the end of the quarter we had a \$703 million portfolio consisting mainly of various types of credit investments. The average income yield of our portfolio was 15%. Our capital-at-risk was 0.1% of capital.¹

Capitalization

Our leverage was 1.2x of our capital at the end of the quarter and our average cost of debt was 10%.

Financial Performance

Our profit after tax for the nine months of the year was \$39.7 million compared to \$23 million in the first nine months of 2013. We remain encouraged by this trajectory.

Dividend

Today the Board of Directors approved a dividend of \$9.00 per share payable on December 4 to ordinary shareholders on record as of November 27.

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

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

Sincerely,


Nigel L. Clarke
Chairman


Nicholas A. Scott
Managing Director

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

EPPLEY LIMITED

THIRD QUARTER 2014

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

	Unaudited 9 months ended Sep. 2014	Unaudited 9 months ended Sep. 2013	Unaudited 3 months ended Sep. 2014	Unaudited 3 months ended Sep. 2013	Audited 12 months ended Dec. 2013
Net Investment Income					
Interest Income	81,579	45,180	27,960	14,880	65,292
Interest expense	<u>(31,822)</u>	<u>(10,854)</u>	<u>(10,626)</u>	<u>(1,280)</u>	<u>(16,554)</u>
Net interest income	49,757	34,325	17,334	13,600	48,738
Other operating income	25,323	17,287	5,012	5,880	24,233
Administrative expenses	<u>(35,393)</u>	<u>(23,612)</u>	<u>(12,294)</u>	<u>(9,183)</u>	<u>(33,920)</u>
Profit before Taxation	39,688	28,001	10,053	10,297	39,051
Taxation	<u>-</u>	<u>(4,959)</u>	<u>-</u>	<u>(533)</u>	<u>(66)</u>
Net Profit being Total Comprehensive Income for the Year	<u><u>39,688</u></u>	<u><u>23,042</u></u>	<u><u>10,053</u></u>	<u><u>9,764</u></u>	<u><u>38,985</u></u>
EARNINGS PER SHARE (3)	49.84	48.19	12.62	13.43	69.80

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

	Unaudited Sep. 2014	Unaudited Sep. 2013	Audited Dec. 2013
ASSETS			
Cash and Deposits	14,790	120,972	161,531
Taxation recoverable	1,285	235	441
Other receivable	50,202	4,543	52,624
IPF Receivables	109,422	95,170	125,662
Loans Receivables	404,752	188,828	301,102
Lease Receivable	174,550	22,098	168,724
Property, Plant and Equipment	3,545	4,787	4,407
	<u>758,547</u>	<u>436,632</u>	<u>814,491</u>
LIABILITIES			
Due to related parties	1,653	3,454	1,653
Taxation payable	1,082	6,040	1,082
Deferred Taxation	273	207	273
Borrowings	394,123	109,393	474,271
Other liabilities	22,252	12,504	16,237
	<u>419,383</u>	<u>131,598</u>	<u>493,516</u>
SHAREHOLDERS' EQUITY			
Share capital	181,189	181,189	181,189
Retained earnings	157,975	123,844	139,786
	<u>339,164</u>	<u>305,034</u>	<u>320,975</u>
	<u>758,547</u>	<u>436,632</u>	<u>814,491</u>

Approved by the Board of Directors on November 13, 2014 and
signed on its behalf by:



Nigel L. Clarke
Chairman



Nicholas A. Scott
Managing Director

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

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1 January 2013	300	100,801	101,101
Net Profit 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>305,033</u>
Balance as at 1 January 2014	181,189	139,786	320,975
Net Profit for the period	-	39,688	39,688
Dividends	-	(21,499)	(21,499)
Balance as at 30 September 2014	<u>181,189</u>	<u>157,975</u>	<u>339,164</u>

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

	Unaudited 9 months ended Sep. 2014	Unaudited 9 months ended Sep. 2013	Audited 12 months ended Dec. 2013
Cash Flows from Operating Activities			
Net profit	39,688	23,042	38,985
Adjustments for items not affecting cash:			
Depreciation	890	774	1,182
Interest income	(81,506)	(45,180)	(65,292)
Interest expense	31,822	10,854	16,554
Exchange (gains)/losses on foreign balances	(20,902)	(14,862)	(14,203)
Taxation	-	4,959	66
	<u>(30,008)</u>	<u>(20,413)</u>	<u>(22,708)</u>
Changes in non-cash working capital components:			
Other receivables	(1,949)	(4,543)	(52,624)
Insurance premium financing receivables	17,100	(36,508)	(65,642)
Loans receivable	(87,510)	195,195	135,954
Lease receivables	(3,099)	(22,098)	(167,960)
Interest received	80,354	45,247	65,292
Other liabilities	6,017	1,642	5,373
Due to related parties	-	1,801	-
	<u>(19,095)</u>	<u>160,323</u>	<u>(102,315)</u>
Taxation paid	-	(2,839)	(3,042)
Interest paid	(31,822)	(10,854)	(16,806)
Net cash provided by/(used in) operating activities	<u>(50,915)</u>	<u>146,630</u>	<u>(122,163)</u>
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(28)	(3,453)	(3,481)
Net cash provided by/(used) in investing activities	<u>(28)</u>	<u>(3,453)</u>	<u>(3,481)</u>

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

	Unaudited 9 months ended Sep. 2014	Unaudited 9 months ended Sep. 2013	Audited 12 months ended Dec. 2013
Cash Flows from Financing Activities			
Dividend paid	(21,499)	-	-
Shares issued	-	180,889	135,021
Loans received	55,101	145,161	535,959
Loans repaid	(133,762)	(347,165)	(387,495)
Net cash (used in)/provided by financing activities	<u>(100,160)</u>	<u>(21,116)</u>	<u>283,485</u>
Increase/(Decrease) in net cash balance	(151,103)	122,061	157,841
Effects of foreign exchange rates changes on cash and cash equivalents	4,362	(4,452)	329
Cash and cash equivalents at beginning of year	<u>161,531</u>	<u>3,361</u>	<u>3,361</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>14,790</u></u>	<u><u>120,972</u></u>	<u><u>161,531</u></u>

Ten Largest Shareholders

(at September 30, 2014)

Musson Investments Limited	299,999
Appliance Traders Group Pension Scheme	204,250
Stony Hill Capital Limited	121,665
General Accident Insurance Company Jamaica Limited	73,000
Michael Subratie	33,268
Ravers Limited	22,134
Nicholas Scott	8,357
Nigel Clarke	5,305
Tropical Battery Company Limited	5,300
Maxim Rochester	3,978

Shareholdings of Directors

(at September 30, 2014)

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

Shareholdings of Executives

(at September 30, 2014)

	Direct	Connected
Nadia Jervis	277	-
Jacquelin Watson	-	-

1. Identification and Activities

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

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

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

2. Statement of Compliance and Basis of Preparation

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

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

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2013. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

3. Earnings Per Share

	Unaudited 9 months ended Sep. 2014	Unaudited 9 months ended Sep. 2013	Unaudited 3 months ended Sep. 2014	Unaudited 3 months ended Sep. 2013	Audited 12 months ended Dec. 2013
Net Profit being Total Comprehensive Income for the Year	39,688	23,042	10,053	9,764	38,985
Weighted Average Number of Shares Outstanding	<u>796,249</u>	<u>478,137</u>	<u>796,249</u>	<u>727,217</u>	<u>558,539</u>
EARNINGS PER SHARE	49.84	48.19	12.62	13.43	69.80