

EPPLEY LIMITED

FIRST QUARTER 2016



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

April 28, 2016

Fellow Shareholders,

Eppley produced earnings per share of \$13.27 in the first three months of the year, a 3.5% return on our \$377 per share listing price.

At the end of the quarter, our net asset value was \$394 per share.

Portfolio

As of March 31 we had a \$1.26 billion portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 16%. Our capital-at-risk was less than 0.1% of capital.

Capitalization and Liquidity

Our leverage was 3.2x of our capital at the end of the quarter and our average cost of debt was 10%. We ended the quarter with \$164 million of cash.

Financial Performance

Our profit after tax for the first quarter was \$10.6 million compared to \$8.7 million in the first quarter of 2015.

Dividend

On March 30 the Board of Directors approved a dividend of \$9.00 per share payable on April 20 to ordinary shareholders on record as of April 11.

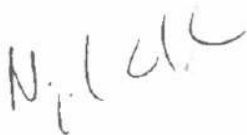
On an annualized basis this represents an ordinary dividend yield of 9.55% on our \$377 per share listing price.

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.

Rights Issue

Earlier this month we announced that we were actively considering options to raise additional capital. We are now pleased to inform you that we will be issuing additional ordinary shares to fund the continued expansion of our business through a rights issue eligible to existing shareholders. A circular will be distributed shortly to all shareholders which outlines the terms of the rights issue in detail.

Sincerely,



Nigel L. Clarke
Chairman



Nicholas A. Scott
Managing Director


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

	Unaudited 3 months ended Mar. 2016	Unaudited 3 months ended Mar. 2015	Audited 12 months ended Dec. 2015
Net Investment Income			
Interest income	43,973	44,935	199,589
Interest expense	(28,577)	(28,987)	(117,438)
Net interest income	15,396	15,948	82,151
Other operating income	11,643	5,095	34,608
Administrative expenses	(16,476)	(12,310)	(60,681)
Profit before taxation	10,562	8,734	56,078
Taxation	-	-	407
Net profit for the year	10,562	8,734	56,485
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Unrealised losses on available for sale investments	(3,961)	-	-
Total other comprehensive income	(3,961)	-	-
Total Comprehensive Income	6,601	8,734	56,485
EARNINGS PER SHARE (3)	\$13.27	\$10.97	\$70.94

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

	Unaudited Mar. 2016	Unaudited Mar. 2015	Audited Dec. 2015
ASSETS			
Cash and Deposits	164,808	220,271	348,196
Taxation recoverable	4,805	1,474	4,166
Other receivable	86,771	46,697	51,195
IPF Receivables	293,976	80,444	114,501
Loans Receivables	444,294	798,310	580,009
Lease Receivable	322,048	231,141	285,886
Investment Securities	33,324	20,331	47,606
Property, Plant and Equipment	11,089	5,990	7,499
Deferred taxation	79	-	79
	<u>1,361,194</u>	<u>1,404,659</u>	<u>1,439,137</u>
LIABILITIES			
Due to related parties	1,653	1,653	1,653
Taxation payable	1,082	1,082	1,082
Deferred Taxation	-	328	-
Borrowings	997,440	1,043,772	1,048,604
Other liabilities	47,280	35,217	38,938
	<u>1,047,455</u>	<u>1,082,051</u>	<u>1,090,277</u>
SHAREHOLDERS' EQUITY			
Share capital	181,189	181,189	181,189
Fair value reserves	(3,961)	-	-
Retained earnings	136,511	141,419	167,671
	<u>313,739</u>	<u>322,608</u>	<u>348,860</u>
	<u>1,361,194</u>	<u>1,404,659</u>	<u>1,439,137</u>

Approved by the Board of Directors on April 28, 2016 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	Fair Value Reserves	Retained Earnings	Total
Balance as at 1 January 2015	181,189	-	162,297	343,486
Net Profit for the period	-	-	8,734	8,734
Dividends	-	-	(29,613)	(29,613)
Balance as at 31 March, 2015	181,189	-	141,418	322,608
Balance as at 1 January 2016	181,189	-	167,671	348,860
Net Profit for the period	-	-	10,562	10,562
Other Comprehensive Income	-	(3,961)	-	(3,961)
Dividends	-	-	(41,723)	(41,723)
Balance as at 31 March, 2016	181,189	(3,961)	136,510	313,739

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

	Unaudited 3 months ended Mar. 2016	Unaudited 3 months ended Mar. 2015	Audited 12 months ended Dec. 2015
Cash Flows from Operating Activities			
Net profit	10,562	8,734	56,485
Adjustments for items not affecting cash:			
Depreciation	1,036	499	2,986
Amortisation of premium on investments	22	-	67
Interest income	(43,973)	(44,935)	(199,589)
Interest expense	28,577	28,987	117,438
Realised gain on investment securities	(1,856)	-	(6,957)
Exchange (gains)/losses on foreign balances	(6,633)	(1,962)	(23,891)
Taxation	-	-	(407)
	<u>(12,264)</u>	<u>(8,678)</u>	<u>(53,868)</u>
Changes in non-cash working capital components:			
Other receivables	(35,350)	3,567	40
Insurance premium financing receivables	(179,191)	33,251	(24)
Loans receivable	140,753	(323,995)	(88,644)
Lease receivables	(33,742)	22,661	(27,316)
Interest received	42,554	42,578	199,204
Other liabilities	8,440	5,659	9,421
	<u>(68,801)</u>	<u>(224,958)</u>	<u>38,813</u>
Tax withheld at source/paid	(639)	(155)	(2,847)
Interest paid	(28,769)	(28,987)	(117,247)
Net cash provided by/used in) operating activities	<u>(98,209)</u>	<u>(254,099)</u>	<u>(81,281)</u>

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

	Unaudited 3 months ended Mar. 2016	Unaudited 3 months ended Mar. 2015	Audited 12 months ended Dec. 2016
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days	-	-	(5,409)
Acquisition of Investments	(16,658)	(20,331)	(120,282)
Proceeds from sale of investments	28,812	-	80,090
Additions to property, plant and equipment	(4,626)	(3,242)	(7,237)
Net cash provided by/(used) in investing activities	7,528	(23,573)	(52,838)
Cash Flows from Financing Activities			
Dividend paid	(41,723)	(29,613)	(51,111)
Loans received	3,361	11,686	34,624
Loans repaid	(55,585)	(7,147)	(30,586)
Net cash (used in)/provided by financing activities	(93,947)	(25,073)	(47,073)
Increase/(Decrease) in net cash balance	(184,628)	(302,746)	(181,192)
Effects of foreign exchange rates changes on cash and cash equivalents	(180)	(880)	4,326
Cash and cash equivalents at beginning of year	262,427	439,293	439,293
CASH AND CASH EQUIVALENTS AT END OF PERIOD (4)	77,619	135,668	262,427

Ten Largest Shareholders
(at March 31, 2016)

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

Shareholdings of Directors
(at March 31, 2016)

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

Shareholdings of Executives
(at March 31, 2016)

	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, 2015. 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 3 months ended Mar. 2016	Unaudited 3 months ended Mar. 2015	Audited 12 months ended Dec. 2015
Net Profit from continuing operations	10,562	8,734	56,485
No. of Shares Outstanding	<u>796,249</u>	<u>796,249</u>	<u>796,249</u>
EARNINGS PER SHARE	\$13.27	\$10.97	\$70.94

4. Cash and Cash Equivalents

	Unaudited 3 months ended Mar. 2016	Unaudited 3 months ended Mar. 2015	Audited 12 months ended Dec. 2015
Cash and bank balances	23,988	14,589	36,702
Term Deposits	140,820	205,682	311,494
	<u>164,808</u>	<u>220,271</u>	<u>348,196</u>
Less: Term deposits with maturity period in excess of ninety days	(85,215)	(79,806)	(85,215)
Less: Interest Receivable	(1,973)	(4,797)	(554)
	<u>77,619</u>	<u>135,668</u>	<u>262,427</u>