



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

August 11, 2016

Fellow Shareholders,

Eppley produced earnings per share of \$45.61 in the first half of the year, an 8.0% return on our average shareholders' equity during the period.

At the end of the quarter, our net asset value was \$513 per share.

Portfolio

As of June 30 we had a \$1.6 billion portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 17%. Our capital-at-risk was less than 0.1% of capital.

Capitalization and Liquidity

Our leverage was 1.5x of our capital at the end of the quarter and our average cost of debt was 10%. We ended the quarter with \$186 million of cash.

Financial Performance

Our profit after tax for the first half of the year was \$40.5 million compared to \$22.5 million in the first half of 2015.

Dividend

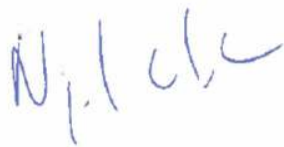
Today, the Board of Directors approved a dividend of \$5.59 per share payable on August 31 to ordinary shareholders on record as of August 22.

As a result, the total amount of interim dividends paid by the Company will not change this quarter. Subject to the discretion of the Board of Directors, we will adjust the final quarterly dividend each year to distribute the vast majority of our annual earnings to ordinary shareholders.

Rights Issue

As previously disclosed, Eppley successfully completed its rights issue in late May. We are grateful for the continued support of our shareholders and are now focused on deploying the additional capital we received.

Sincerely,



Nigel L. Clarke
Chairman



Nicholas A. Scott
Managing Director

EPPLEY LIMITED

SECOND QUARTER 2016

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

	Unaudited 6 months ended Jun. 2016	Unaudited 6 months ended Jun. 2015	Unaudited 3 months ended Jun. 2016	Unaudited 3 months ended Jun. 2015	Audited 12 months ended Dec. 2015
Net Investment Income					
Interest Income	92,434	92,550	48,461	47,615	199,589
Interest expense	(56,747)	(58,215)	(28,170)	(29,229)	(117,438)
Net interest income	35,687	34,335	20,291	18,387	82,151
Other operating income	40,351	14,739	28,708	9,644	34,608
Administrative expenses	(35,570)	(26,547)	(19,094)	(14,236)	(60,681)
Profit before Taxation	40,468	22,528	29,906	13,794	56,078
Taxation	-	-	-	-	407
Net Profit being Total Comprehensive Income for the Year	40,468	22,528	29,906	13,794	56,485
EARNINGS PER SHARE (3)	\$45.61	\$28.29	\$30.57	\$17.32	\$70.94

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

	Unaudited Jun. 2016	Unaudited Jun. 2015	Audited Dec. 2015
ASSETS			
Cash and Deposits	186,544	212,599	348,196
Taxation recoverable	5,509	1,871	4,166
Other receivable	71,443	43,690	51,195
IPF Receivables	320,074	68,121	114,501
Loans Receivables	787,532	759,485	580,009
Lease Receivable	312,606	214,624	285,886
Investment Securities	-	98,301	47,606
Property, Plant and Equipment	10,946	5,491	7,499
Deferred taxation	79		79
	<u>1,694,734</u>	<u>1,404,182</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	994,088	1,041,426	1,048,604
Other liabilities	39,154	30,458	38,938
	<u>1,035,976</u>	<u>1,074,947</u>	<u>1,090,277</u>
SHAREHOLDERS' EQUITY			
Share capital	492,343	181,189	181,189
Retained earnings	166,416	148,047	167,671
	<u>658,759</u>	<u>329,236</u>	<u>348,860</u>
	<u>1,694,734</u>	<u>1,404,182</u>	<u>1,439,137</u>

Approved by the Board of Directors on August 11, 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	Retained Earnings	Total
Balance as at 1 January 2015	181,189	162,297	343,486
Net Profit for the period		22,528	22,528
Dividends	-	(36,779)	(36,779)
Balance as at 30 June, 2015	<u>181,189</u>	<u>148,046</u>	<u>329,236</u>
Balance as at 1 January 2016	181,189	167,671	348,860
Net Profit for the period	-	40,468	40,468
Issue of Shares	311,153	-	311,153
Dividends	-	(41,723)	(41,723)
Balance as at 30 June, 2016	<u>492,343</u>	<u>166,415</u>	<u>658,759</u>

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

	Unaudited 6 months ended Jun. 2016	Unaudited 6 months ended Jun. 2015	Audited 12 months ended Dec. 2015
Cash Flows from Operating Activities			
Net profit	40,468	22,528	56,485
Adjustments for items not affecting cash:			
Depreciation	2,148	999	2,986
Amortisation of premium on investments	126	-	67
Interest income	(92,434)	(92,550)	(199,589)
Interest expense	56,747	58,215	117,438
Unrealised gain on investment securities	(2,284)		(6,957)
Exchange (gains)/losses on foreign balances	(32,165)	(9,589)	(23,891)
Taxation	-	-	(407)
	(27,395)	(20,397)	(53,868)
Changes in non-cash working capital components:			
Other receivables	(19,537)	6,026	40
Insurance premium financing receivables	(196,656)	45,159	(24)
Loans receivable	(191,593)	(277,499)	(88,644)
Lease receivables	(17,219)	41,073	(27,316)
Interest received	93,166	87,744	199,204
Other liabilities	530	916	9,421
	(358,703)	(116,977)	38,813
Tax withheld at source/paid	(1,343)	(552)	(2,847)
Interest paid	(56,939)	(58,215)	(117,247)
Net cash provided by/(used in) operating activities	(416,985)	(175,744)	(81,281)

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

	Unaudited 6 months ended Jun. 2016	Unaudited 6 months ended Jun. 2015	Audited 12 months ended Dec. 2015
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days	(60,000)	-	(5,409)
Acquisition of Investments	(16,658)	(100,976)	(120,282)
Proceed from sale of investments	151,114	2,675	80,090
Additions to property, plant and equipment	(5,596)	(3,242)	(7,237)
Net cash provided by/(used) in investing activities	68,860	(101,543)	(52,838)
Cash Flows from Financing Activities			
Shares issued	311,153	-	-
Dividend paid	(41,723)	(36,779)	(51,111)
Loans received	6,722	15,296	34,624
Loans repaid	(64,317)	(12,298)	(30,586)
Net cash (used in)/provided by financing activities	211,835	(33,781)	(47,073)
Increase/(Decrease) in net cash balance	(136,290)	(311,067)	(181,192)
Effects of foreign exchange rates changes on cash and cash equivalents	61	454	4,326
Cash and cash equivalents at beginning of year	262,427	439,293	439,293
CASH AND CASH EQUIVALENTS AT END OF PERIOD	126,199	128,679	262,427

Ten Largest Shareholders

(at June 30, 2016)

ATL Group Pension Fund Trustees Nominee Limited	329,347
Stony Hill Capital Limited	198,985
Musson Jamaica Limited	139,999
Shani Limited	137,326
General Accident Insurance Company (Jamaica) Limited	117,688
Coldharbour Partners Inc.	101,629
Curmudgeon Limited	55,220
Michael Subratie	53,603
Jennifer Catherine Scott	46,681
Ravers Limited	35,658

Shareholdings of Directors

(at June 30, 2016)

	Direct	Connected
Nigel Clarke	5,305	137,326
Melanie Subratie	-	139,999
Nicholas Scott	-	156,849
Sharon Donaldson	5,243	-
Jennifer Scott	46,681	-
Keith Collister	-	-
Byron Thompson	3,225	-
Maxim Rochester	6,379	-

Shareholdings of Executives

(at June 30, 2016)

	Direct	Connected
Nadia Jervis	6,776	-
Justin Nam	9,047	-
Jacquelin Watson	6,831	-

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 6 months ended Jun. 2016	Unaudited 6 months ended Jun. 2015	Unaudited 3 months ended Jun. 2016	Unaudited 3 months ended Jun. 2015	Audited 12 months ended Dec. 2015
Net Profit being Total Comprehensive Income for the Year	40,468	22,528	29,906	13,794	56,485
Weighted Average Shares Outstanding	<u>887,203</u>	<u>796,249</u>	<u>978,158</u>	<u>796,249</u>	<u>796,249</u>
EARNINGS PER SHARE	\$45.61	\$28.29	\$30.57	\$17.32	\$70.94

4. **Cash and Cash Equivalents**

	Unaudited 6 months ended Jun. 2016	Unaudited 6 months ended Jun. 2016	Audited 12 months ended Dec. 2015
Cash and bank balances	81,044	106,489	36,702
Term Deposits	105,501	106,111	311,494
	<hr/> 186,544	<hr/> 212,599	<hr/> 348,196
Less: Term deposits with maturity period in excess of ninety days	(60,000)	(79,806)	(85,215)
Less: Interest Receivable	(345)	(4,113)	(554)
	<hr/> 126,199	<hr/> 128,679	<hr/> 262,427