



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

November 10, 2016

Fellow Shareholders,

Eppley produced earnings per share of \$60.08 in the first nine months of the year, a 12.5% return for shareholders.¹ At the end of the quarter, our net asset value was \$524 per share.

Portfolio

As of September 30 we had a \$1.6 billion portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 18%. Our capital-at-risk was less than 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 \$102 million of cash.

Financial Performance

Our profit after tax for the first nine months of the year was \$61.3 million compared to \$41.8 million in the first nine months of 2015 and \$56.5 million in all of 2015.

Dividend

Today, the Board of Directors approved a dividend of \$5.59 per share payable on November 30 to ordinary shareholders on record as of November 21.

¹ Based on a cost basis of \$481 per share which assumes an investor subscribed to both our IPO and rights issue.

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.

Stock Split

The Board of Directors also voted to subdivide each of our ordinary shares into 150 ordinary shares pending the approval of shareholders.

Sincerely,

Handwritten signature of Nigel L. Clarke in blue ink.

Nigel L. Clarke
Chairman

Handwritten signature of Nicholas A. Scott in black ink.

Nicholas A. Scott
Managing Director

EPPLEY LIMITED

THIRD QUARTER 2016

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

	Unaudited 9 months ended Sep. 2016	Unaudited 9 months ended Sep. 2015	Unaudited 3 months ended Sep. 2016	Unaudited 3 months ended Sep. 2015	Audited 12 months ended Dec. 2015
Net Investment Income					
Interest Income	148,287	145,557	55,853	53,007	199,589
Interest expense	<u>(85,028)</u>	<u>(87,943)</u>	<u>(28,280)</u>	<u>(29,728)</u>	<u>(117,438)</u>
Net interest income	63,259	57,614	27,573	23,279	82,151
Other operating income	54,987	24,979	14,636	10,240	34,608
Administrative expenses	<u>(56,952)</u>	<u>(40,817)</u>	<u>(21,382)</u>	<u>(14,270)</u>	<u>(60,681)</u>
Profit before Taxation	61,295	41,776	20,827	19,249	56,078
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407</u>
Net Profit being Total Comprehensive Income for the Year	<u>61,295</u>	<u>41,776</u>	<u>20,827</u>	<u>19,249</u>	<u>56,485</u>
EARNINGS PER SHARE (3)	\$60.08	\$52.47	\$16.23	\$24.17	\$70.94

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

	Unaudited Sep. 2016	Unaudited Sep. 2015	Audited Dec. 2015
ASSETS			
Cash and Deposits	102,045	186,955	348,196
Taxation recoverable	5,776	2,159	4,166
Other receivable	40,867	46,625	51,195
IPF Receivables	295,851	92,145	114,501
Loans Receivables	890,465	811,643	580,009
Lease Receivable	287,821	233,872	285,886
Investment Securities	-	50,723	47,606
Investment in Joint Venture	63,113	-	-
Property, Plant and Equipment	18,222	5,154	7,499
Deferred taxation	79	-	79
	<u>1,704,239</u>	<u>1,429,275</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	989,058	1,052,127	1,048,604
Other liabilities	40,033	32,767	38,938
	<u>1,031,825</u>	<u>1,087,957</u>	<u>1,090,277</u>
SHAREHOLDERS' EQUITY			
Share capital	492,343	181,189	181,189
Retained earnings	180,071	160,129	167,671
	<u>672,414</u>	<u>341,319</u>	<u>348,860</u>
	<u>1,704,239</u>	<u>1,429,275</u>	<u>1,439,137</u>

Approved by the Board of Directors on November 10, 2016 and signed on its behalf by:

N. L. Clarke

Nicholas A. Scott

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		41,776	41,776
Dividends	-	(43,945)	(43,945)
Balance as at 30 September, 2015	181,189	160,128	341,319
Balance as at 1 January 2016	181,189	167,671	348,860
Net Profit for the period	-	61,295	61,295
Issue of Shares	311,153	-	311,153
Dividends	-	(48,896)	(48,896)
Balance as at 30 September, 2016	492,343	180,070	672,414

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

	Unaudited 9 months ended Sep. 2016	Unaudited 9 months ended Sep. 2015	Audited 12 months ended Dec. 2015
Cash Flows from Operating Activities			
Net profit	61,295	41,776	56,485
Adjustments for items not affecting cash:			
Depreciation	3,827	1,509	2,986
Amortisation of Premium on Investments	126	89	67
Interest income	(148,287)	(145,557)	(199,589)
Interest expense	56,747	87,943	117,438
Unrealised gain on investment securities	(2,284)	-	(6,957)
Exchange (gains)/losses on foreign balances	(43,683)	(17,885)	(23,891)
Taxation	-	-	(407)
	<u>(72,259)</u>	<u>(32,125)</u>	<u>(53,868)</u>
Changes in non-cash working capital components:			
Other receivables	11,197	4,401	40
Insurance premium financing receivables	(169,111)	21,975	(24)
Loans receivable	(289,193)	(324,321)	(88,644)
Lease receivables	10,171	23,664	(27,316)
Interest received	148,897	139,781	199,204
Other liabilities	1,492	3,215	9,421
	<u>(358,807)</u>	<u>(163,411)</u>	<u>38,813</u>
Tax withheld at source/paid	(1,610)	(840)	(2,847)
Interest paid	(56,939)	(87,756)	(117,247)
Net cash provided by/(used in) operating activities	<u>(417,356)</u>	<u>(252,007)</u>	<u>(81,281)</u>

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

	Unaudited 9 months ended Sep. 2016	Unaudited 9 months ended Sep. 2015	Audited 12 months ended Dec. 2015
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days	(20,000)	-	(5,409)
Acquisition of Investments	(16,658)	(100,283)	(120,282)
Investment in joint venture	(63,113)	-	-
Proceed from sale of investments	151,117	50,000	80,090
Additions to property, plant and equipment	(14,551)	(3,414)	(7,237)
Net cash provided by/(used) in investing activities	36,796	(53,697)	(52,838)
Cash Flows from Financing Activities			
Shares issued	311,153	-	-
Dividend paid	(48,896)	(43,945)	(51,111)
Loans received	10,084	31,265	34,624
Loans repaid	(73,450)	(22,498)	(30,586)
Net cash (used in)/provided by financing activities	198,891	(35,179)	(47,073)
Increase/(Decrease) in net cash balance	(181,670)	(340,883)	(181,192)
Effects of foreign exchange rates changes on cash and cash equivalents	820	2,801	4,326
Cash and cash equivalents at beginning of year	262,426	439,293	439,293
CASH AND CASH EQUIVALENTS AT END OF PERIOD	81,577	101,212	262,427

Ten Largest Shareholders

(at September 30, 2016)

Stony Hill Capital Limited	320,652
ATL Group Pension Fund Trustees Nominee Limited	320,347
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
Musson (Jamaica) Limited	18,332

Shareholdings of Directors

(at September 30, 2016)

	Direct	Connected
Nigel Clarke	5,305	137,326
Melanie Subratie	-	136,020
Nicholas Scott	-	156,849
Sharon Donaldson	5,243	-
Jennifer Scott	-	46,681
Keith Collister	-	-
Byron Thompson	3,225	-
Maxim Rochester	6,379	-
Alexander Melville	-	-
P.B. Scott	-	136,020

Shareholdings of Executives

(at September 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 9 months ended Sep. 2016	Unaudited 9 months ended Sep. 2015	Unaudited 3 months ended Sep. 2016	Unaudited 3 months ended Sep. 2015	Audited 12 months ended Dec. 2015
Net Profit being Total Comprehensive Income for the Year	61,295	41,776	20,827	19,249	56,485
Weighted Average Shares Outstanding	<u>1,020,140</u>	<u>796,249</u>	<u>1,283,122</u>	<u>796,249</u>	<u>796,249</u>
EARNINGS PER SHARE	60.08	52.47	16.23	24.17	70.94

4. **Cash and Cash Equivalents**

	Unaudited 9 months ended Sep. 2015	Unaudited 9 months ended Sep. 2015	Audited 12 months ended Dec. 2015
Cash and bank balances	82,045	52,705	36,702
Term Deposits	20,000	134,250	311,494
	<u>102,045</u>	<u>186,955</u>	<u>348,196</u>
Less: Term deposits with maturity period in excess of ninety days	(20,000)	(79,806)	(85,215)
Less: Interest Receivable	(468)	(5,936)	(554)
	<u>81,577</u>	<u>101,212</u>	<u>262,427</u>

5. **Investment in Joint Venture**

The company made an investment in a joint venture arrangement during the quarter ended September 30, 2016, totalling \$63.1m.