

This prospectus (the "Prospectus") is issued by Eppley Limited (the "Company") and is dated Thursday, 17 November 2016. 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 Thursday, 17 November 2016. 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 Thursday, 17 November 2016. 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

## **CUMULATIVE REDEEMABLE 8.25% FIXED RATE PREFERENCE SHARES DUE 2021 64,000,000 PREFERENCE SHARES PRICED AT J\$6.00 EACH**

The Company invites Applications for subscription for 64,000,000 new Cumulative Redeemable 8.25% Preference Shares 2021 in the capital of the Company (the "2021 Preference Shares") in the Invitation. JMMB Securities Limited is acting as lead broker and listing agent to the Company in the Invitation. The Company reserves the right to make available further 2021 Preference Shares prior to the Closing Date in the circumstances described in section 6.4 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, Thursday, 24 November 2016. 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, Thursday, 1 December 2016 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 2021 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](http://www.jamstockex.com).

It is the intention of the Company to apply to the Jamaica Stock Exchange to list the 2021 Preference Shares on the Junior Market of the Jamaica Stock Exchange, however please note that this statement of the Company's intention is not a guarantee that the 2021 Preference Shares will be listed. The making of the application by the Company, and its success, is dependent on (i) the subscription of not less than 25 million 2021 Preference Shares by Applicants by the Closing Date (or any extension thereof); and (ii) the discretion of the JSE and the criteria for admission set out in the JSE Rules. If the 2021 Preference Shares in the Invitation are not subscribed as aforesaid, or if the 2021 Preference Shares are not listed on the Junior Market of the JSE, the Company will refund all payments it has received from Applicants. Notwithstanding the foregoing if the Invitation is successful in raising at least \$150,000,000 but the 2021 Preference Shares are not listed on the Junior Market the Company may elect to allot the 2021 Preference Shares in any event. See the Terms and Conditions for details.

### **SHARE CAPITAL**

Authorised share capital	1,300,000 Ordinary Shares 270,000,000 Preference Shares
Issued share capital	1,283,122 Ordinary Shares 99,998,667 – 2019 Preference Shares 60,325,600 - 2018 Preference Shares
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Maximum to be issued fully paid in the Invitation	64,000,000 - 2021 Preference Shares*
Total consideration assuming all 2021 Preference Shares are fully subscribed	\$384,000,000*

\*The Company reserves the right to issue up to 50,000,000 additional 2021 Preference Shares in the event that the Invitation is oversubscribed by Applicants and on that basis the total consideration for the subscription of such shares would be greater than \$384,000,000 but will not exceed \$684,000,000.

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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 2021 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 2021 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 <a href="http://www.jmmb.com">www.jmmb.com</a> and <a href="http://www.jamstockex.com">www.jamstockex.com</a> .
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 2011 to 2015 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 2015; and/or (2) the Audited Financial Information
Authorised Preference Shares	means the 270,000,000 authorised cumulative redeemable preference shares in the capital of the Company each series of which is subject to its particular terms of issue
Board	means the Board of Directors of the Company
Company	means Eppley 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 Thursday, 1 Devenber 2016 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
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 39-40 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 2021 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 2021 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, Jamaica
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, Jamaica
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 2021 or the last day of the 60 <sup>th</sup> month following the issue of the 2021 Preference Shares in accordance with the terms and conditions (whichever is later)
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 Thursday, 24 November 2016
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
Overallotment Option	means the right of the Company to issue up to 50,000,000 further 2021 Preference Shares subject to Section 6.5 in the event that there is excess demand in the Invitation
Preference Shares	means either (i) the 2018 Preference Shares and/or (ii) the 2019 Preference Shares and/or (iii) the 2021 Preference Shares, as the context shall require
Preference Shareholder	means a holder of the Preference Shares, as the context shall require
2018 Preference Shares	means the 99,998,667 Cumulative Redeemable 9.5% Preference Shares due 2018 issued by the Company in November 2013, that are listed on the JSE
2018 Preference Shareholder	means a holder of the 2018 Preference Shares
2019 Preference Shares	means the 60,325,600 Cumulative Redeemable Variable Rate Preference Shares due 2019 issued by the Company in November and December 2014, that are listed on the JSE
2019 Preference Shareholder	means a holder of the 2019 Preference Shares
2021 Preference Shares	means the 64,000,000 cumulative redeemable preference shares due 2021 to be issued by the Company subject to the Terms and Conditions and the Terms of Issue, or such greater number of Preference Shares issued by the Company subject to the Overallotment Option set out therein

2021 Preference Shareholder	means a holder of the 2021 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 Thursday, 17 November 2016 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 6.4 of this Prospectus
Terms of Issue	means the terms of the issue of the 2021 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 quarter ended 30 September 2016 that is taken from the management accounts of the Company
\$	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 2021 Preference 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 2021 PREFERENCE SHARES**

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for 2021 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 2021 Preference Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for 2021 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 2021 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:	64,000,000 new 2021 Preference Shares subject to the Overallotment Option described in section 6.5.*
INVITATION PRICE:	\$6.00 per 2021 Preference Share payable in full on application by Approved Payment Method only. Please note that the JCSD processing fee of \$134 per Application (inclusive of GCT) must be included in each payment.
MATURITY DATE:	30 November 2021 or 60 months from the date of issue, whichever is later, subject to earlier redemption as outlined below (Optional Redemption).
DIVIDEND:	Fixed rate of 8.25% per annum
PAYMENT:	The first Dividend payment on the 2021 Preference Shares will become due and payable on <u>December 30, 2016</u> . Thereafter, dividends will be due and payable monthly in arrears, on the last 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:	<ol style="list-style-type: none"><li><u>Dividend:</u> Each 2021 Preference Share will carry the right to receive a cumulative preferential dividend at a fixed rate of 8.25% per annum calculated on the Invitation Price of each 2021 Preference Share.</li><li><u>Redemption by the Company:</u><ol style="list-style-type: none"><li><u>Mandatory Redemption:</u> The 2021 Preference Shares are redeemable by the Company on the Maturity Date. Redemption shall be effected at a price per 2021 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.</li><li><u>Optional Redemption:</u> The Company reserves the right to redeem the Preference Shares (in full or part) on any dividend payment date that is not less than three years from the issue date of the 2021 Preference Shares at the Invitation Price plus 1%, plus any accrued and unpaid dividends, PROVIDED THAT notice of at least thirty (30) days shall be given to the holders of the 2021 Preference Shares. See the Terms of Issue for more information on redemption of the Preference Shares</li></ol></li><li><u>Rights to capital, voting etc.:</u><ol style="list-style-type: none"><li><u>On a winding up:</u> Each 2021 Preference Shareholder will have a right to repayment of capital ranking <i>pari passu</i> to any previously issued Preference Shares (e.g. <i>pari passu</i> to the 2018 Preference Shares and the 2019 Preference Shares, but in priority to the Ordinary Shareholders). On the other hand, the rights of all of the Preference Shareholders inclusive of the 2021 Preference Shareholders will rank behind those of any statutory creditors (inclusive of employees), and secured creditors of the Company in the event of a winding - up.</li></ol></li></ol>

(2) Voting: The 2021 Preference Shares will not carry the right to vote save in narrowly prescribed circumstances including when any dividend has not been 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 2021 Preference Shares. (These rights are similar to those of the holders of 2018 Preference Shares and the 2019 Preference Shares.)

(3) Further Issue: The Company also reserves the right to issue additional cumulative redeemable, or redeemable, or other preference shares in the capital of the Company, ranking *pari passu* or otherwise.

(4) Financial Covenants: The Company has also covenanted for the benefit of the 2018 Preference Shareholders and 2019 Preference Shareholders and now for the benefit of the 2021 Preference Shareholders that, so long as any Preference Shares remain in issue and are allotted to one or more Preference Shareholders, the Company shall 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.

(5) Conversion to Stock Units: All 2021 Preference Shares will be issued fully paid and converted to 2021 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 6.4 of this Prospectus.

PAYMENT METHODS:

See paragraph 7 of Section 6.4 of this Prospectus for full details.

TIMETABLE OF KEY DATES:

Registration and Publication of

Prospectus:

**Thursday, 17 November 2016**

Opening Date:

**Thursday, 24 November 2016**

Closing Date:

**Thursday, 1 December 2016**

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 2021 Preference Share Allotments: All Applicants may refer to the notice that will be posted on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)) after the Closing Date.\*\*\*

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

Final Allotment of 2021 Preference Shares and/or 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 2021 Preference Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the 2021 Preference Shares will be listed.

The making of the application by the Company, and its success, is dependent on;

- (i) the subscription of not less than 25 million 2021 Preference Shares by Applicants by the Closing Date (or any extension thereof)\*\*\*; and

- (ii) the discretion of the JSE, and other criteria for admission set out in the JSE Rules.

If the 2021 Preference Shares in the Invitation are not fully subscribed as aforesaid, or if the 2021 Preference Shares are not listed on the Junior Market, the Company may refund all payments it has received from Applicants. Notwithstanding the foregoing, if the invitation is successful in raising at least \$150,000,000, but the 2021 Preference Shares in the Invitation are fully subscribed as aforesaid, but the Company does not make a successful application to list the 2021 Preference Shares on the Junior Market of the Jamaica Stock Exchange, the Company may elect for the Preference Shares to be issued and allotted. \*\*\*\*

\*The Company reserves the right to issue 50,000,000 additional 2021 Preference Shares in the event that the Invitation is oversubscribed by Applicants and on that basis the total consideration in the Invitation would be greater than \$384,000,000 but will not exceed \$684,000,000.

\*\* The Company anticipates allotting the 2021 Preference Shares on a first come, first served basis however in the event that the Invitation is oversubscribed the Company reserves the right to allot the 2021 Preference Shares on an alternative basis (either, in the Company's sole discretion, (i) *pro rata* or (ii) by allotting a minimum amount to each Applicant and thereafter, *pro rata*).

\*\*\*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](http://www.jamstockex.com)).

\*\*\*\* In the event the 2021 Preference Shares are not listed on the Jamaica Stock Exchange and the Company opts to issue and allot the 2021 Preference Shares to Applicants in any event, the 2021 Preference Shares will not have the benefit of market liquidity and it may be difficult to effect any transfers in the secondary market. Any successful transfers will be subject to transfer tax and stamp duty at the combined rate of 6%.

## SECTION 5: CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS



17 November 2016

DEAR PROSPECTIVE INVESTORS,

The Board of Eppley Limited is pleased to invite you to apply for a new issue of 2021 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 \$1.5 billion in the expansion of its credit business. The Company has also raised and deployed over \$1.37 billion in capital via its initial invitation for Ordinary Shares in June 2013 and a further rights issue earlier this year in May 2016, and its 2 offerings of the 2018 Preference Shares and the 2019 Preference Shares issue in November 2013 and November 2014 respectively.

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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, P.B. Scott.

The Company is now seeking to raise an additional \$384,000,000 by inviting Applications for 64,000,000 new 2021 Preference Shares in the Invitation, subject to the Overallotment Option. 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 \$11 million (inclusive of brokerage fees, legal fees, stamp duty fees, accountant's fees, Registrar's fees, filing fees, initial listing fees and marketing expenses, but exclusive of GCT).

#### HOW TO MAKE AN APPLICATION FOR 2021 PREFERENCE SHARES

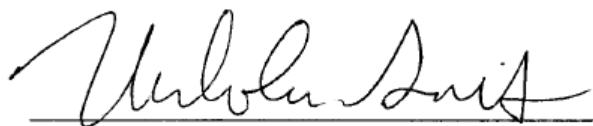
Those investors who are interested in subscribing for 2021 Preference Shares should read this Prospectus in its entirety inclusive of the full Terms and Conditions of the Invitation set out in Section 6.5, the Risk Factors in section 11 and the full Terms of Issue of the 2021 Preference Shares at Appendix 2, and then complete the Application set out in Appendix 1.

ON BEHALF OF THE BOARD OF EPPLEY LIMITED



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NIGEL A. L. CLARKE, CHAIRMAN



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NICHOLAS SCOTT, MANAGING DIRECTOR

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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, P.B. Scott.

## 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 2021 Preference Shares should review the Terms of Issue before completing the Application set out in Appendix 1.

The Company invites Applications for 64,000,000 new 2021 Preference Shares in the Invitation. All 2021 Preference Shares are priced at \$6 per 2021 Preference Share. The Company reserves the right to make up to 50,000,000 more 2021 Preference Shares further to an Overallotment Option that is described in paragraph 11 of section 6.4.

The Invitation will open at 9:00 a.m. on the Opening Date, Thursday, 24 November 2016 and will close at 4:00 p.m. on the Closing Date, Thursday, 1 December 2016 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 2021 Preference Shares in the Invitation are received, and (b) extend the Closing Date for any reason. In either case an informational notice will be posted on the website of the JSE - [www.jamstockex.com](http://www.jamstockex.com)

### 6.2 USE OF PROCEEDS

The Company seeks to raise \$384,000,000 by inviting Applications for subscription for the 2021 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 \$11 Million (inclusive of brokerage 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.

### 6.3 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.

### 6.4 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 the number of 2021 Preference Shares applied for TOGETHER WITH the JCSD processing fee of J\$134.00 (inclusive of GCT) that is payable in respect of each application.**
- 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:

- (a) 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;
- (b) 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;
- (c) 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
- (d) they have made their own assessment of the Company, and the merits and risks of subscribing for 2021 Preference Shares, inclusive of taking advice (or waiving the need for such advice) in relation on 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 - 2021 Preference Shares and be made in multiples of 1,000. Applications in other denominations will not be processed or accepted.

6. Share Price Information

All 2021 Preference Shares are priced at the Invitation Price of J\$6 each.

7. How to Make Payments – Approved Payment Methods

All Applications must be accompanied by the appropriate payment for the 2021 Preference Shares applied for, in the form of either:

- (a) a manager's cheque made payable to "Eppley 2021 Preference Share Offer", or
- (b) 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 2021 Preference Share Offer; or
- (c) transfer in the Real Time Gross Settlement ("RTGS") system to an account held at JMMB in the name of 2021 Eppley Preference Share Offer, in the case of payments of \$1 million or more; or
- (d) transfer via the Automated Clearing House (ACH) to an account held at JMMB in the name of 2021 Eppley Preference Share Offer; or
- (e) transfer via NCB E-Link to an account held at JMMB in the name of 2021 Eppley Preference Share Offer.



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, Thursday 24 November 2016. 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 2021 Preference 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) notwithstanding that the intention of the Company is to allot the 2021 Preference Shares on a first come, first served basis, the Company reserves the right to allot the 2021 Preference Shares to Applicants on a basis to be determined by it in its sole discretion in the event the Invitation is oversubscribed, including on a *pro rata* basis; 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 2021 Preference Shares by the Company to an Applicant which, in the case of a successful application for admission to the Junior Market of the JSE shall be the date of the date of initial listing of the 2021 Preference Shares or, in the case that the said application is not granted and the Company elects to allot the 2021 Preference Shares in accordance with paragraph 12 below, shall be a date not later than 21 days after the Closing Date (whether such 2021 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 2021 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. Overallotment Option

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 2021 Preference Shares for subscription by Applicants in the Invitation subject to these Terms and Condition, up to a maximum of an additional 50,000,000 units of the 2021 Preference Shares. If the company were to issue the additional 50,000,000 units of the 2021 Preference shares the total consideration in the Invitation would be greater than \$384,000,000 but will not exceed \$684,000,000. 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 2021 Preference Shares on the Jamaica Stock Exchange.

This is not a guarantee that any further 2021 Preference Shares will be issued in the Invitation by the Board of the Company, or that any of the 2021 Preference Shares will successfully be listed on the JSE.

12. When Invitation is Successful

If the Invitation is successful in raising \$384,000,000 or more from Applicants' subscriptions, and the 2021 Preference Shares are admitted to trade on the JSE, Applicants will be allotted the 2021 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](http://www.jamstockex.com)) after the Closing Date (or the shortened or extended Closing Date, as the case may be). In the event that Company does not raise at least \$150,000,000 and/or the 2021 Preference Shares are not admitted to trading on the on the JSE, the Company reserves the right in its sole discretion to return or refund all payments for 2021 Preference Shares received from Applicants to the persons making them. Notwithstanding the foregoing, in the event that the Company raises at least \$150,000,000 in the Invitation but the 2021 Preference Shares are not listed on the JSE, the Company may elect in its sole discretion for the Preference Shares to be allotted. Please note that the Company does not guarantee admission of the Preference Shares to the JSE.

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 or JMMBSL within 10 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 dealt with according to the refund instructions stated in the Application. Please note that the \$134 JCSD processing fee (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for 2021 Preference Shares.

## SECTION 7: INFORMATION ABOUT THE COMPANY

### 7.1 OVERVIEW

The Company is a publicly-traded investment company listed on the Junior Market of the Jamaica Stock Exchange. 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.

In 2013, the Company underwent a significant transformation inclusive of its rebranding as “Eppley Limited”. It raised 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. The Company also revised its investment strategy and increased its team of investment professionals. Since then the Company has successfully raised \$1.37 billion in the aggregate from successful invitations for subscription of the following securities:

- The initial invitation to the public in respect of the Ordinary Shares valued at \$89.99 million in the aggregate, in June 2013
- The invitation for the 2018 Preference Shares valued at \$361.95 million in the aggregate, in November 2013
- The invitation for the 2019 Preference Shares valued at \$600 million in the aggregate, in November and December 2014
- The rights issue to Ordinary Shareholders valued at \$317 million in the aggregate, in May 2016

The Company has deployed in excess of \$1.5 billion dollars to various credit investments, to date.**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 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. In particular, for owners of large fleets of motor vehicles, the Directors believe that the Company's customized fleet management solutions provide additional advantages that are not widely offered. The Directors note that in the case of its leases 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. In many instances the loan products offered by the Company are tailor-made specifically to suit the needs of borrowers and involve structures that are not widely offered by traditional lenders.

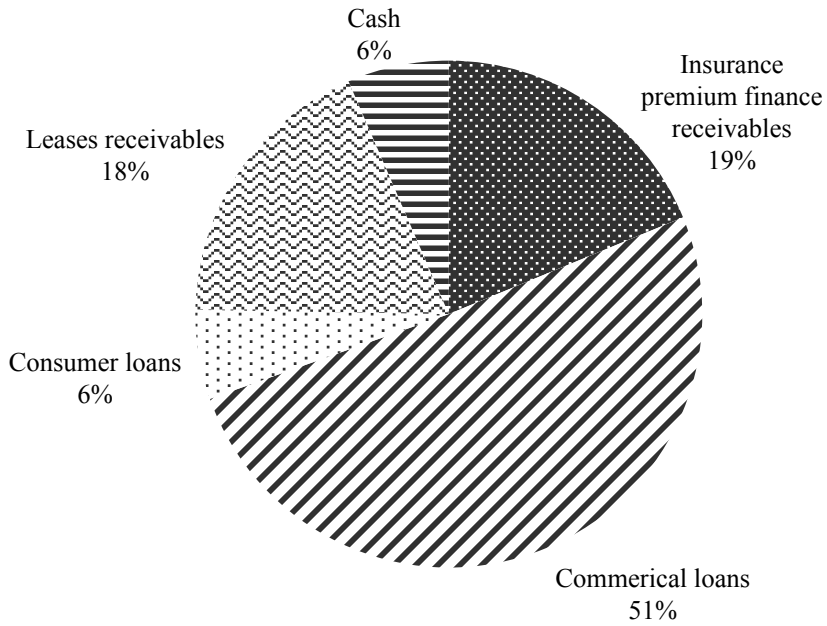
The Company's ability to lend is generally constrained solely by its risk appetite and credit assessment rather than by externally imposed considerations. The Directors believe this flexibility is an important competitive advantage for the Company.

### **Investment Portfolio**

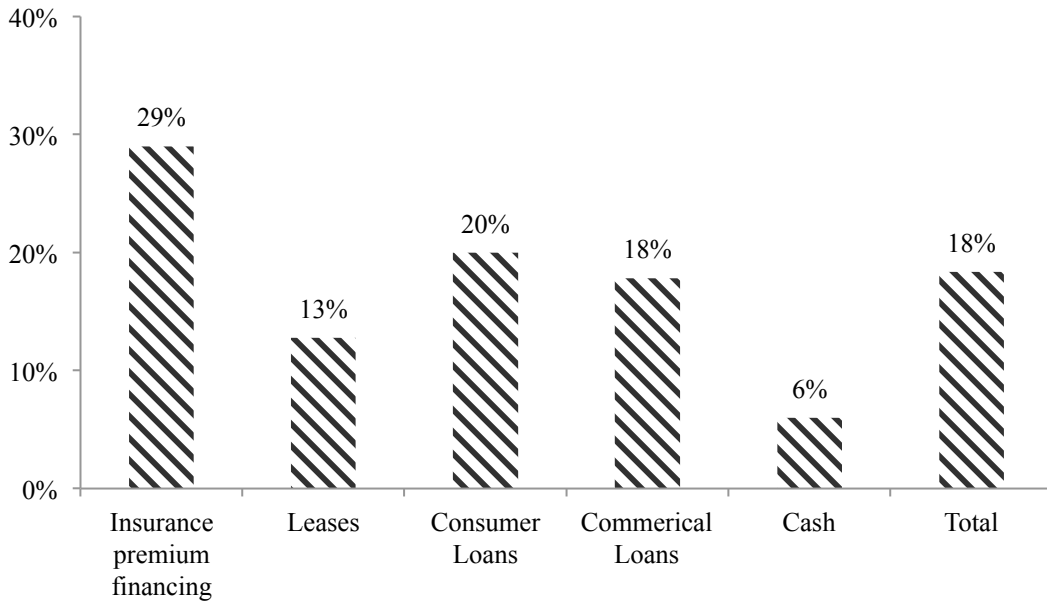
At the end of the financial year 2015 the Company's portfolio of assets amounted to \$1.38 billion consisting mainly of various types of credit investments.

As at 30 September 2016 the Company had total investment assets comprising of cash, loans and leases of \$1.576 billion. The average annual yield of the Company's investment portfolio made up of its income producing assets was 18%. The portfolio's average maturity was approximately one year. The Company's net asset value as at 30 September 2016 was \$524.04 per Ordinary Stock Unit.

### **Investment Assets by Type**



**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. Provisions for the Company's credit investments are made by Management and ratified by the Audit Committee in accordance with International Financial Reporting Standards.

## 7.2 GROUP

The Company is an Affiliate of Musson Investments, 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 a fixed fee. See section 7.10 for details.

## 7.3 APPLICABLE REGULATORY REGIME

The Ordinary Shares and the Preference Shares of the Company are each listed on the JSE. The Ordinary Shares of the Company are listed on the Junior Market, and the Company is subject to the Junior Market Rules which, amongst other things, require it to issue unaudited quarterly financial information and also, 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 and the 2018 Preference Shares and the 2019 Preference Shares. If the Invitation is successful and the 2021 Preference Shares are admitted to listing, the Company shall also be registered as an issuer of the 2021 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, proposed legislation to register and supervise private lenders, in the form of the Micro Credit bill has been proposed. 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:

### PREFERENCE SHARES

Transfers of the Preference Shares on the JSE are exempt from transfer tax and stamp duty. However, in the event that the 2021 Preference Shares were not listed, transfers of the Preference Shares would attract transfer tax (currently 5%) and stamp duty (currently 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<sup>1</sup>/<sub>3</sub> % 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 2021 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 (which ends 29 July 2018) the Company will not be liable to pay any corporate income tax. In years 6 to 10 (which ends 29 July 2023 on the Junior Market, the Company will only be liable to pay corporate income tax at half the usual rate.

#### 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 and issued capital of the Company was as follows:

CLASS	AUTHORISED	ISSUED
Ordinary Stocks	1,300,000	1,283,122 after Rights Issue May 2016 Listed on the JSE Junior Market
Preference Shares	270,000,000 before 2021 Preference Share increase	60,325,600 2018 Preference Stock Units Listed on the JSE  99,998,667 2019 Preference Stock Units

		Listed on the JSE
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2. Dividend History

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

3. Recent Capital Reorganisations

At a meeting of the Directors held on 10 November 2016, subject to the approval of the ordinary shareholders of an increase in authorised share capital and the creation of the new cumulative redeemable preference shares on terms set by the Board, the Board approved (i) the issue of the new 2021 Preference Shares and the Terms of Issue set out in Appendix 1, and (ii) the Terms and Conditions set out in this prospectus inclusive of the Overallotment Option.

At an extraordinary general meeting of the Company held on the morning of 15 November 2016 on short notice in accordance with the Companies Act and the Articles of Incorporation, the ordinary shareholders approved the authorization and issue of an additional 100,000,000 Preference Shares on terms of issue to be approved by the Board. They also approved a sub-division of the Ordinary Shares (each share to be sub-divided into 150), which is anticipated to have effect on 1 December 2016.

4. 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

As at 30 September 2016, being the date of the most recent unaudited accounts of the Company, 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
Stony Hill Capital Limited	320,652	24.99%
ATL Group Pension Fund Trustees Nominee Limited	320,347	24.97%
Shani Limited	137,326	10.70%
General Accident Insurance Company (Jamaica) Limited	117,688	9.17%
Coldharbour Partners Inc.	101,629	7.92%
Curmudgeon Limited	55,220	4.30%
Michael Subratie	53,603	4.17%
Jennifer C. Scott	46,681	3.64%
Ravers Limited	35,658	2.78%
Musson Jamaica Limited	18,332	1.43%
General Public	75,986	5.93%
<b>Total</b>	<b>1,283,122</b>	<b>100.00%</b>

## 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 28 March 2017.
Companies Office Letter of Good Standing	Letter dated 27 January 2017 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
October 2016	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.

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

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
As of 1 June 2013 (Amended January 1, 2016)	General Accident	J\$2 million per year.	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.
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.

#### 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

##### Ordinary Stock Units

The Company's dividend policy in respect of its Ordinary Stock Units is to distribute the vast majority of the Company's profits to Ordinary Stockholders, subject to the discretion of the Board of Directors to 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.

##### 2021 Preference Shares

It is the Company's intention to pay dividends on the 2021 Preference Shares in accordance with the Terms of Issue which provide for a fixed rate of interest of 8.25% per annum calculated on the Invitation Price of each 2021 Preference Share.

## **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 Insurance Company Limited, 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.

Dr. Clarke serves as the Ambassador Plenipotentiary for Economic Affairs and Co-Chair of the Economic Growth Council. He is also the Chairman of the National Housing Trust, the Port Authority of Jamaica and the National Youth Orchestra of Jamaica. 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 is also formerly a Senator in the Upper House of the Jamaican Parliament.

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 and a Commonwealth Scholar and Rhodes Scholar.

#### **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 Chairman of Transaction Epins Limited and Productive Business Solutions (Jamaica) Limited, both subsidiaries of Musson. She also serves as the Chairman of the audit committee of Seprod, an affiliate of Musson. Mrs. Subratie is the Chairman of the Musson Foundation and the Seprod Foundation, She serves as a director of all of Musson's principal subsidiaries and affiliates inclusive of General Accident Insurance Company Limited, 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 Insurance Company Limited 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 the Chairman of the National Education Trust. 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 the Executive 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 and a non executive director of the board of Key Insurance Limited, a company that listed on the Junior Market earlier this year in March 2016.

### **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 former Chief Executive Officer and Managing Director of Seprod Limited and continues to serve on the Board of Seprod Limited and the Seprod Foundation.

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. Mr. Rochester serves as a Director of Guardian Holdings Limited.

### **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 Managing Director of Diverze Assets Inc. and the Managing Director of Tropical Battery Company Limited. He is also a director 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.

Mr. Melville attended Georgia State University to study actuarial science and finance, and Palm Beach Community College where he studied mathematics and business.

### **P.B. SCOTT, NON – EXECUTIVE DIRECTOR**

P.B. Scott is an independent non – executive Director of the Company. Mr. Scott is the principal shareholder, Chairman and CEO of the Musson Group of Companies and is the Chairman of all the subsidiaries in the Musson Group including Facey Commodity Company Limited, General Accident Insurance Company Limited, Productive Business Solutions Limited, and T Geddes Grant Distributors among others. He is also the Chairman of Seprod Limited, an affiliate of Musson.

Mr. Scott is the President of the Private Sector Organization of Jamaica. He also serves as a director of several companies and organisations, including the Development Bank of Jamaica, the Electricity Sector

Enterprise Team, the Jamaica Chamber of Commerce and the American International School of Kingston. He also currently serves as Honourary Consul in Jamaica for the Republic of Guatemala.

## 8.2 DIRECTORS' INTERESTS IN ORDINARY SHARES

The Directors' interests in the Shares of the Company (including legal and beneficial holdings) as at 30 September 2016, being the date of its most recent unaudited accounts, are set out below:

NAME OF DIRECTOR	HOLDINGS OF ORDINARY SHARES	
	Direct	Connected
Melanie Subratie	NIL	139,999
Nigel Clarke	5,305	137,326
Nicholas Scott	NIL	156,849
Sharon Donaldson	5,243	NIL
Jennifer Scott	46,681	NIL
Keith Collister	NIL	NIL
Byron Thompson	3,225	NIL
Maxim Rochester	6,379	NIL
Alexander Melville	NIL	NIL
Paul B. Scott	NIL	139,999

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

### 8.3 DIRECTORS' FEES

Certain of the Directors receive fees in the amount of \$20,000.00 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

### 9.1 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 2011 – 2015, at a cumulative average growth rate of 27.0%. The Directors consider that such growth has resulted from both the steady expansion of its insurance premium financing business as well as the more recent growth of its corporate credit investments. Last year, the Company's average operating assets increased by 38%.

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 the issuance of listed preference shares and loans 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, fell from 17% in 2011 to 11% in 2013 and has subsequently increased to 15% in 2015. The development of the Company's average return on operating assets has been primarily a function the general level of interest rates in the Jamaican economy and the mix of the various types of credit investments that comprise the the Company's portfolio. Over the review period, interest rates have generally declined. The Company has periodically had large balances of low yielding cash and short-term securities following preference share issuances in 2013 and 2014 and the rights issue of ordinary shares in 2015.

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 increased. This is a consequence of the growth of Company's preference share program. The Company's listed preference shares now comprise the vast majority of its operating liabilities. As a consequence, the Company's average net income spread has tightened from 9% in 2009 to 3% in 2013. Last year, the Company's average net income spread declining from 8% to 3%.

	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Average operating assets	1,368,184	1,058,594	609,120	542,283	525,737
Interest income	199,589	117,681	65,292	79,342	87,879
<i>Average return on operating assets</i>	<i>15%</i>	<i>15%</i>	<i>11%</i>	<i>15%</i>	<i>17%</i>
Average operating liabilities	1,043,714	756,547	410,046	411,218	408,334
Interest expense	117,438	48,701	16,554	29,381	29,720
<i>Average cost of operating liabilities</i>	<i>11%</i>	<i>6%</i>	<i>4%</i>	<i>7%</i>	<i>7%</i>

<i>Average net interest income spread</i>	3%	8%	7%	8%	9%
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Since 2011, the Company's expenses have increased as the size of its credit business has expanded. 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 been de minimus as a percentage of average operating assets. Last year, the Company's provisions for doubtful debt were less than 1% of its average operating assets.

	<b>Audited Dec 31 2015 \$'000</b>	<b>Audited Dec 31 2014 \$'000</b>	<b>Audited Dec 31 2013 \$'000</b>	<b>Audited Dec 31 2012 \$'000</b>	<b>Audited Dec 31 2011 \$'000</b>
Administrative expenses	60,681	50,791	33,920	36,292	17,937
Net investment income	<u>82,151</u>	<u>68,980</u>	<u>48,738</u>	<u>49,961</u>	<u>58,754</u>
Administrative expenses, % of net investment income	74%	73%	70%	73%	31%
Provisions for doubtful debt	<u>-1,310</u>	<u>1,822</u>	<u>-141</u>	<u>4,282</u>	<u>-2,025</u>
Provisions for doubtful debt, % of average operating assets	0.10%	0.17%	0.02%	0.79%	0.39%

We measure returns to Ordinary Shareholders by adding the growth in our shareholders' equity other than from capital raises and the payment of dividends. At the beginning of the 2011 financial year, shareholders equity amounted to \$55.7 million. Since then, shareholders' equity has grown by \$112 million excluding equity capital raises and the Company has paid \$100 million in dividends. Last year, the total return to shareholders was 16% of the shareholders equity at beginning of the year. In the 5 years ended 2015, the Company's cumulative average shareholder return was 44%.

	<b>Audited Dec 31 2015 \$'000</b>	<b>Audited Dec 31 2014 \$'000</b>	<b>Audited Dec 31 2013 \$'000</b>	<b>Audited Dec 31 2012 \$'000</b>	<b>Audited Dec 31 2011 \$'000</b>
Dividends paid	51,111	28,665	0	-	20,000
Increase in retained earnings	<u>5,374</u>	<u>22,511</u>	<u>38,985</u>	<u>15,062</u>	<u>30,352</u>
Total return to shareholders	56,485	51,176	38,985	15,062	50,352
Previous year total shareholders' equity	<u>343,486</u>	<u>320,975</u>	<u>101,101</u>	<u>86,039</u>	<u>55,687</u>
<i>Total return to shareholders, % of total shareholders' equity</i>	16%	16%	39%	18%	90%
<i>Cumulative 5 year average</i>	44%				

## 9.2 REVIEW OF UNAUDITED FINANCIAL INFORMATION

The Company produced earnings per ordinary share of \$60.08 in the first nine months of 2016 generating a 12.5% return on the \$481 per share price of its ordinary shares which the Directors consider to be the cost basis of the vast majority of its shareholders (assuming shareholders invested in our IPO and fully subscribed for our recent rights issue). At the end of the quarter, the Company's net asset value was \$524.04 per share.

### Portfolio Update

As of September 30, 2016 the Company's investment portfolio was \$1.576 billion. The gross income yield on the portfolio was 18%.

#### *IPF loans*

The Company's portfolio of insurance premium finance contracts stood at \$296 million at the end of the quarter. The portfolio was made up of 1,184 contracts with an average gross yield of 29% and an average tenor of 3.5 months.

#### *Loans*

The Company's consumer portfolio stood at just \$90 million at the end of the quarter. The portfolio consists of 543 loans. The average yield on this portfolio is 20% and the average tenor is 10 months. The Company's portfolio of commercial loans stood at \$800 million at the end of the quarter. The portfolio is made up of 26 loans with an average rate of 18% and an average tenor of 9 months.

#### *Leases*

The Company's portfolio of leases stood at \$287 million at the end of the quarter. The portfolio is made up of 39 contracts with an average gross yield of 15% and an average tenor of 25 months.

### Financial Performance

The Company's gross interest income for the first nine months of 2016 was \$148.3 million versus \$145.6 million in the comparable period in 2015. Interest expense for the period, which includes dividends on preference shares, declined to \$85.0 million relative to \$87.9 million in the first nine months of last year. As a consequence, net interest income for the first nine months of 2016 expanded to \$63.3 million, 10% higher than the net interest income in the corresponding period in the previous year. Other income increased as a result of higher fees on the Company's loans and leases, in particular on the Company's consumer loans and insurance premium finance receivable portfolios and foreign exchange gains.

Eppley's profit after tax for the first nine months of the 2016 was \$61.3 million compared to \$41.8 million in the first nine months of 2015. The Directors consider that the significant growth in profitability of the Company is attributable mainly to the profitable deployment of the remaining capital it raised in its late 2014 preference share issue and its ordinary share rights issue in the second quarter of 2016.

**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 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015, and the summary statements of comprehensive income for the years then ended are derived from the audited financial statements of Eppley Limited for the years ended 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015. We expressed unmodified audit opinions on those financial statements in our reports dated 20 July 2012, 17 June 2013, 31 March 2014, 30 March 2015 and 30 March 2016, 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 Eppley Limited.

### ***Management's responsibility for the summary financial statements***

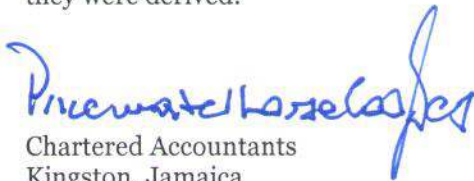
Management is responsible for the preparation of a summary of the audited financial statements.

### ***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 Eppley Limited for the years ended 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015 are consistent, in all material respects, with those financial statements, from which they were derived.



Chartered Accountants  
Kingston, Jamaica

16 November 2016

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

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom D.D. Dodd G.K. Moore

## AUDITED FINANCIAL INFORMATION

### Eppley Limited

Statement of Financial Position

**December 31, 2015**

(expressed in Jamaican dollars)

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>					
Cash and deposits	348,196	519,791	161,531	3,361	6,513
Taxation recoverable	4,166	1,319	441	22	1,181
Other receivables	51,195	50,186	52,624	-	19
Insurance premium financing receivables	114,501	113,516	125,662	58,662	170,089
Loans receivable	580,009	473,501	301,102	399,197	446,743
Lease receivable	285,886	253,361	168,724	-	-
Investment securities	47,606	-	-	-	-
Property, plant and equipment	7,499	3,248	4,407	2,108	2,651
Deferred taxation	79	-	-	-	-
Total assets	<u>1,439,137</u>	<u>1,414,922</u>	<u>814,491</u>	<u>463,350</u>	<u>627,196</u>
<b>LIABILITIES</b>					
Due to related parties	1,653	1,653	1,653	1,653	9,513
Taxation payable	1,082	1,082	1,082	3,707	9,080
Deferred taxation	0	328	273	207	1,339
Borrowings	1,048,604	1,038,823	474,271	345,820	465,449
Other liabilities	38,938	29,550	16,237	10,862	55,776
Total liabilities	<u>1,090,277</u>	<u>1,071,436</u>	<u>493,516</u>	<u>362,249</u>	<u>541,157</u>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	181,189	181,189	181,189	300	300
Retained earnings	167,671	162,297	139,786	100,801	85,739
Total shareholders' equity	<u>348,860</u>	<u>343,486</u>	<u>320,975</u>	<u>101,101</u>	<u>86,039</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>1,439,137</u>	<u>1,414,922</u>	<u>814,491</u>	<u>463,350</u>	<u>627,196</u>

## AUDITED FINANCIAL INFORMATION

### Eppley Limited

Statement of Comprehensive Income

**December 31, 2015**

(expressed in Jamaican dollars)

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	199,589	117,681	65,292	79,342	87,879
Interest expense	<u>(117,438)</u>	<u>(48,701)</u>	<u>(16,554)</u>	<u>(29,381)</u>	<u>(29,720)</u>
Net interest income	82,151	68,980	48,738	49,961	58,159
Realised gain on revaluation of Unit Trust Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595</u>
Net investment income	82,151	68,980	48,738	49,961	58,754
Other operating income / (expenses)	34,608	33,042	24,233	10,195	2,715
Administrative expenses	<u>(60,681)</u>	<u>(50,791)</u>	<u>(33,920)</u>	<u>(36,292)</u>	<u>(17,937)</u>
Profit before taxation	56,078	51,231	39,051	23,864	43,532
Taxation	<u>407</u>	<u>(55)</u>	<u>(66)</u>	<u>(8,802)</u>	<u>(13,180)</u>
Net profit, being total comprehensive income for the Year	<u><u>56,485</u></u>	<u><u>51,176</u></u>	<u><u>38,985</u></u>	<u><u>15,062</u></u>	<u><u>30,352</u></u>

## AUDITED FINANCIAL INFORMATION

### Eppley Limited

Statement of Changes in Equity

**December 31, 2015**

(expressed in Jamaican dollars)

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at January 1 2011</b>	<b>300</b>	<b>55,387</b>	<b>55,687</b>
Total comprehensive income for the year	-	30,352	30,352
Transactions with owners	-	-	-
Dividends	-	-	-
<b>Balance at 31 December 2011</b>	<b>300</b>	<b>85,739</b>	<b>86,039</b>
Total comprehensive income for the year	-	15,062	15,062
Transactions with owners	-	-	-
Dividends	-	-	-
<b>Balance at 31 December 2012</b>	<b>300</b>	<b>100,801</b>	<b>101,101</b>
Total comprehensive income for the year	-	38,985	38,985
Transactions with owners	180,889	-	180,889
Dividends	-	-	-
<b>Balance at 31 December 2013</b>	<b>181,189</b>	<b>139,786</b>	<b>320,975</b>
Total comprehensive income for the year	-	51,176	51,176
Transactions with owners	-	-	-
Dividends	-	(28,665)	(28,665)
<b>Balance at 31 December 2014</b>	<b>181,189</b>	<b>162,297</b>	<b>343,486</b>
Total comprehensive income for the year	-	56,485	56,485
Transactions with owners	-	-	-
Dividends	-	(51,111)	(51,111)
<b>Balance at 31 December 2015</b>	<b>181,189</b>	<b>167,671</b>	<b>348,860</b>



## AUDITED FINANCIAL INFORMATION

### Eppley Limited

Statement of Cash Flows

**December 31, 2015**

(expressed in Jamaican dollars)

	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>					
Net profit	56,485	51,176	38,985	15,062	30,352
Adjustments for:					
Depreciation	2,986	1,187	1,182	321	495
Amortisation of premium on Investments	67	-	-	-	-
Gain on disposal of property, plant and equipment and intangible assets	-	-	-	(120)	(236)
Interest income	(199,589)	(117,681)	(65,292)	(79,342)	(87,879)
Interest expense	117,438	48,701	16,554	29,381	29,720
Unrealised gain on investment securities	(6,957)	-	-	-	-
Exchange gains on foreign currency denominated balances	(23,891)	(25,988)	(14,203)	(24,272)	-
Realized gain on Unit Trust Fund	-	-	-	-	(595)
Exchange Losses on foreign balances	-	-	-	-	2,817
Taxation	(407)	55	66	8,802	13,180
	<b>(53,868)</b>	<b>(42,550)</b>	<b>(22,708)</b>	<b>(50,168)</b>	<b>(12,146)</b>
Changes in non-cash working capital components:					
Other receivables	40	2,996	(52,624)	19	(19)
Insurance premium financing receivables	(24)	13,483	(65,642)	111,427	(103,096)
Loan receivables	(88,644)	(151,322)	135,954	26,494	(156,651)
Lease receivables	(27,316)	(80,520)	(167,960)	-	-
Interest received	199,204	117,699	64,582	100,394	143,301
Other liabilities	9,421	13,301	5,373	(44,914)	45,951
Due to related parties	-	-	-	(7,860)	(17,173)
	<b>38,813</b>	<b>(126,913)</b>	<b>(103,025)</b>	<b>135,392</b>	<b>(99,833)</b>
Tax withheld at source	(2,847)	(878)	(3,042)	(14,148)	(33,458)
Interest paid	(117,247)	(48,701)	(16,806)	(29,381)	(29,720)
Net cash provided by/(used in)	<b>(81,281)</b>	<b>(163,011)</b>	<b>(163,011)</b>	<b>91,863</b>	<b>(163,011)</b>

operating activities		<b>(176,492)</b>	<b>(122,873)</b>		
<b>Cash Flows from Investing Activities</b>					
Term deposits with maturity periods in excess of 90 days	(5,409)	(79,806)	-	-	-
Acquisition of Investments	(120,282)	-	-	-	-
Proceeds from return of intangible assets to the vendor	-	-	-	-	1,179
Proceeds from sale of investments	80,090	-	-	500	5,125
Additions to property, plant and equipment	(7,237)	(28)	(3,481)	(158)	(14)
Net cash used in investing activities	<b>(52,838)</b>	<b>(79,834)</b>	<b>(3,481)</b>	<b>342</b>	<b>6,290</b>
<b>Cash Flows from Financing Activities</b>					
Shares issued	-	-	135,021	-	-
Dividends paid	(51,111)	(28,665)	-	-	(20,000)
Loans received	34,624	699,116	535,959	63,434	167,603
Loans repaid	(30,586)	(139,693)	(387,495)	(158,689)	-
Net cash (used in)/provided by financing activities	<b>(47,073)</b>	<b>530,758</b>	<b>283,485</b>	<b>(95,255)</b>	<b>147,603</b>
(Decrease)/ Increase in net cash balances	(181,192)	274,432	157,131	(3,050)	(9,118)
Effects of foreign exchange rates changes on cash and cash equivalents	4,326	4,040	329	(102)	10
Cash and cash equivalents at beginning of year	<b>439,293</b>	<b>160,821</b>	<b>3,361</b>	<b>6,513</b>	<b>15,621</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>262,427</b>	<b>439,293</b>	<b>160,821</b>	<b>3,361</b>	<b>6,513</b>



**Eppley Limited**

**Financial Statements  
31 December 2015**

# Eppley Limited

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31 December 2015

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## ***Independent Auditor's Report***

To the Members of  
Eppley Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Eppley Limited, set out on pages 1 to 29, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

### ***Auditor's 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.

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



**Members of Eppley Limited  
Independent Auditor's Report  
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***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of Eppley Limited as at 31 December 2015, and of its financial performance and its 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  
30 March 2016  
Kingston, Jamaica

# Eppley Limited

## Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Net Investment Income</b>			
Interest income		199,589	117,681
Interest expense		<u>(117,438)</u>	<u>(48,701)</u>
<b>Net Interest Income</b>		82,151	68,980
Other operating income	8	34,608	33,042
Administrative expenses	9	<u>(60,681)</u>	<u>(50,791)</u>
<b>Profit Before Taxation</b>		56,078	51,231
Taxation	11	<u>407</u>	<u>(55)</u>
<b>Net Profit, Being Total Comprehensive Income For The Year</b>		<u><u>56,485</u></u>	<u><u>51,176</u></u>
Basic Earnings per Share	12	<u><u>\$70.94</u></u>	<u><u>\$64.27</u></u>

# Eppley Limited

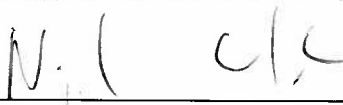
## Statement of Financial Position

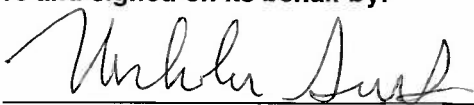
31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
Cash and deposits	13	348,196	519,791
Taxation recoverable		4,166	1,319
Other receivables	14	51,195	50,186
Insurance premium financing receivables	15	114,501	113,516
Loans receivable	16	580,009	473,501
Lease receivables	17	285,886	253,361
Investment securities	18	47,606	-
Property, plant and equipment	19	7,499	3,248
Deferred taxation	21	79	-
<b>Total assets</b>		<u>1,439,137</u>	<u>1,414,922</u>
<b>Liabilities</b>			
Due to related parties	20	1,653	1,653
Taxation payable		1,082	1,082
Deferred taxation	21	-	328
Borrowings	22	1,048,604	1,038,823
Other liabilities	23	38,938	29,550
<b>Total liabilities</b>		<u>1,090,277</u>	<u>1,071,436</u>
<b>Shareholders' Equity</b>			
Share capital	24	181,189	181,189
Retained earnings		167,671	162,297
<b>Total shareholders' equity</b>		<u>348,860</u>	<u>343,486</u>
<b>Total Liabilities and Equity</b>		<u>1,439,137</u>	<u>1,414,922</u>

Approved for issue by the Board of Directors on 30 March 2016 and signed on its behalf by:

  
 \_\_\_\_\_  
 Nigel L. Clarke  
 Chairman

  
 \_\_\_\_\_  
 Nicholas A. Scott  
 Managing Director



# Eppley Limited

## Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2014		181,189	139,786	320,975
Total comprehensive income for the year		-	51,176	51,176
<b>Transactions with owners -</b>				
Dividends	25	-	(28,665)	(28,665)
<b>Balance at 31 December 2014</b>		181,189	162,297	343,486
Total comprehensive income for the year		-	56,485	56,485
<b>Transactions with owners -</b>				
Dividends	25	-	(51,111)	(51,111)
<b>Balance at 31 December 2015</b>		181,189	167,671	348,860

# Eppley Limited

## Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		56,485	51,176
Adjustments for:			
Depreciation	19	2,986	1,187
Amortisation of premium on investments		67	-
Interest income		(199,589)	(117,681)
Interest expense		117,438	48,701
Unrealised gains on investment securities		(6,957)	-
Exchange gains on foreign currency denominated balances		(23,891)	(25,988)
Taxation	11	(407)	55
		<u>(53,868)</u>	<u>(42,550)</u>
Changes in non-cash working capital components:			
Other receivables		40	2,996
Insurance premium financing receivables		(24)	13,483
Loan receivables		(88,644)	(151,322)
Lease receivables		(27,316)	(80,520)
Interest received		199,204	117,699
Other liabilities		9,421	13,301
		<u>38,813</u>	<u>(126,913)</u>
Taxation withheld at source		(2,847)	(878)
Interest paid		(117,247)	(48,701)
Net cash used in operating activities		<u>(81,281)</u>	<u>(176,492)</u>
<b>Cash Flows from Investing Activities</b>			
Term deposits with maturity periods in excess of 90 days		(5,409)	(79,806)
Acquisition of investments		(120,282)	-
Proceeds from sale of investments		80,090	-
Additions to property, plant and equipment	19	(7,237)	(28)
Net cash used in investing activities		<u>(52,838)</u>	<u>(79,834)</u>
<b>Cash Flows from Financing Activities</b>			
Dividends paid		(51,111)	(28,665)
Loans received		34,624	699,116
Loans repaid		(30,586)	(139,693)
Net cash (used in)/provided by financing activities		<u>(47,073)</u>	<u>530,758</u>
(Decrease)/Increase in net cash balances		(181,192)	274,432
Effects of foreign exchange rates changes on cash and cash equivalents		4,326	4,040
Cash and cash equivalents at beginning of year		439,293	160,821
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	13	<u><u>262,427</u></u>	<u><u>439,293</u></u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Activities

Eppley 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. On 29 July 2014, the company issued ordinary shares to the public, and became listed on the Junior Market of the Jamaica Stock Exchange.

The principal activity of the company is investing in credit products including insurance premium, loan and lease financing.

The company is also registered as a foreign company in the Republic of Panama.

### 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 3.

#### ***Standards, interpretations and amendments to published standards effective in the current year***

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and concluded that there were none that would be expected to have a material impact on the company.

#### ***Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be relevant to its operations and management is currently assessing the impact they may have on the company:

- **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification and measurement of financial assets and liabilities and while it is effective from 1 January 2018, early adoption is 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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

*Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted (continued)*

- **IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. Early application is permitted.
- **IFRS 16, 'Leases'**, (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the company and have not been early adopted.

#### (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, loan and lease 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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (d) Financial instruments

Financial instruments carried on the statement of financial position include insurance premium financing receivables, loans receivable, investment securities, 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.

#### (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 and leases 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 available-for-sale and 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, 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. Investments classified as fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed through profit or loss. 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 profit or loss are presented in investment income in arriving at profit or loss.

##### *Available for sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are initially recognised at fair value, which includes transaction costs, and subsequently carried at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in other comprehensive income.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Summary of Significant Accounting Policies (Continued)

#### (h) Investments (continued)

##### *Impairment of financial assets*

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The company assesses at each year end whether there is objective evidence that a financial asset or group of financial assets are impaired. The amount of the impairment loss for assets carried at amortised costs is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

#### (i) Property, plant and equipment

Property, plant and 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% - 25%
Motor vehicles	25%
Software	25%

Property, plant and 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 and 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) 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.

#### (k) 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.

#### (l) 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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (m) Accounts payable

Payables are recognised at fair value and subsequently measured at amortised cost.

#### (n) Put option premium

The company performs a liability adequacy test in accordance with IFRS 4 paragraph 15 to determine how to account for put option contracts. Based on the results of the liability adequacy test, a liability is either recognised or not and the related income is recognised when received.

#### (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. 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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (p) Employee benefits (continued)

##### (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.

#### (q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 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, loans and leases

The company reviews its insurance premium and loan portfolios to assess impairment on a monthly 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 default by 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.



# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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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 risk management programme seeks to minimise potential adverse effects on its financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate limits and controls, and to monitor adherence 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 of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment Committee

The Investment Committee is responsible for recommending investment strategies and credit policies to the Board of Directors. It is also responsible for approving certain individual loans, leases and other credit investments in compliance with the company's policies.

(ii) Finance Department

The Finance Department is responsible for managing the company's accounting, financial reporting and compliance functions, including the management of the company's accounting and investment management information systems. It is also primarily responsible for managing the funding and liquidity risks of the company.

(iii) Audit Committee

The Audit Committee develops and recommends accounting and risk management policies to the Board of Directors. It also oversees management's compliance with the company's risk management policies and procedures. In addition, the Audit Committee regularly reviews the company's financial reporting and makes recommendations to the Board of Directors.

**(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, lease receivable, 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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 4. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### *Credit review process*

##### (i) Cash and deposits

The company limits its exposure to credit risk by placing cash and deposits with counterparties that are regulated and publicly disclose financial information. Management assesses each counterparty's credit quality and levels of liquidity. Accordingly, management seeks to mitigate the risk that any single counterparty will fail to meet its obligations. Furthermore, Management takes steps to diversify its cash and deposits among a group of counterparties in order to further mitigate the risk of loss.

##### (ii) Insurance premium financing

The company's exposure to credit risk is influenced mainly by its ability to receive adequate unearned premium refunds from its general insurance counterparties in the event of a default. Management assesses and monitors the credit worthiness of each counterparty. In most instances, the ultimate counterparties are general insurance companies regulated by the Financial Services Commission. The company, through its information systems and financial reporting, also closely monitors the size of the unearned premium under each underlying insurance policy to ensure that it exceeds its insurance premium finance receivable.

##### (iii) Leases and loans receivable

The company's exposure to credit risk is driven by the ability of the borrower or lessee to repay its obligations when due. In the case of loans, the company's credit risk can be mitigated by the assignment of salary and other cash flows, and security interest in various forms of collateral or guarantees. In the case of leases, the company owns the lease equipment and can monetize it in the event of a default. The Investment Committee is responsible for approving and monitoring individual loans, leases and other credit investments in compliance with investment strategies and credit policies approved by the Board of Directors. Senior management personnel meet on a weekly basis to discuss and analyse the ability of counterparties to meet repayment obligations.

##### *Maximum exposure to credit risk*

The company's maximum exposure to credit risk at year end was as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and deposits	348,196	519,791
Investment securities	47,606	-
Insurance premium financing receivables	114,501	113,516
Loans receivable	580,009	473,501
Lease receivables	285,886	253,361
	<u>1,376,198</u>	<u>1,360,169</u>

The above table represents a worst case scenario of credit risk exposure to the company at 31 December 2015 and 2014.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 4. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### *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 2015, IPF receivables of \$3,709,000 (2014 – \$3,865,000) 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:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	3,865	2,485
Additional provision	447	2,567
Amounts recovered	(603)	(1,187)
At 31 December	<u>3,709</u>	<u>3,865</u>

##### *Loans receivable*

Loans receivable that are less than 90 days past due and those for which adequate collateral is in place are not considered impaired. As at 31 December 2015, there are no (2014 - nil) loans receivable that are less than 90 days past due and considered impaired.

As of 31 December 2015, loans receivables of \$7,269,000 (2014 – \$8,423,000) were considered to be impaired and are fully provided for. These receivables were all aged over 90 days.

The movement on the provision for impairment of loans receivables was as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	8,423	7,981
Additional provision	-	442
Amounts recovered	(1,154)	-
At 31 December	<u>7,269</u>	<u>8,423</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. There are no financial assets other than those listed above that were individually impaired. The provisions for impairment of accounts receivable and the bad debt expense do not include any amounts for related parties.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Financial Risk Management (Continued)

#### (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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 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 at contractual maturity dates:

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Total \$'000
<b>As at 31 December 2015:</b>					
<b>Financial Assets</b>					
Cash and deposits	262,741	-	-	91,436	354,177
Insurance premium financing	17,316	26,511	81,419	-	125,246
Leases	14,485	28,730	119,156	177,834	340,205
Loans receivable	325,649	28,389	120,933	156,940	631,911
Investment securities	-	-	-	50,092	50,092
<b>Total financial assets</b>	<b>620,191</b>	<b>83,630</b>	<b>321,508</b>	<b>476,302</b>	<b>1,501,631</b>
<b>Financial Liabilities</b>					
Due to related parties	1,653	-	-	-	1,653
Borrowings	11,223	32,634	122,853	1,286,593	1,453,303
Other liabilities	4,650	13,997	5,242	15,049	38,938
<b>Total financial liabilities</b>	<b>17,526</b>	<b>46,631</b>	<b>128,095</b>	<b>1,301,642</b>	<b>1,493,894</b>
<b>Net Liquidity Gap</b>	<b>602,665</b>	<b>36,999</b>	<b>193,413</b>	<b>(825,340)</b>	<b>7,737</b>
<b>Cumulative gap</b>	<b>602,665</b>	<b>639,664</b>	<b>833,077</b>	<b>7,737</b>	<b>-</b>
<b>As at 31 December 2014:</b>					
<b>Financial Assets</b>					
Cash and deposits	439,453	-	-	80,338	519,791
Insurance premium financing	21,174	23,212	75,381	-	119,767
Leases	12,612	25,534	107,483	158,606	304,235
Loans receivable	207,660	16,684	155,040	132,579	511,963
<b>Total financial assets</b>	<b>680,899</b>	<b>65,430</b>	<b>337,904</b>	<b>371,523</b>	<b>1,455,756</b>
<b>Financial Liabilities</b>					
Due to related parties	1,653	-	-	-	1,653
Borrowings	10,230	29,745	114,200	1,364,982	1,519,157
Other liabilities	9,816	7,336	9,901	2,497	29,550
<b>Total financial liabilities</b>	<b>21,699</b>	<b>37,081</b>	<b>124,101</b>	<b>1,367,479</b>	<b>1,550,360</b>
<b>Net Liquidity Gap</b>	<b>659,200</b>	<b>28,349</b>	<b>213,803</b>	<b>(995,956)</b>	<b>(94,604)</b>
<b>Cumulative gap</b>	<b>659,200</b>	<b>687,549</b>	<b>901,352</b>	<b>(94,604)</b>	<b>-</b>

Assets available to meet all of the liabilities and to cover financial liabilities include cash and term deposits.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 4. Financial Risk Management (Continued)

#### (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 manner in which the Company manages and measures this risk.

#### *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. Foreign currency risk arises primarily from transactions in insurance premium, loan and lease financing net of borrowings. At 31 December 2015, the statement of financial position includes aggregate net foreign assets of US\$4,265,000 (2014 - US\$4,648,000).

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.

#### *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.

	<b>% Change in Currency Rate</b>	<b>Effect on Profit before Taxation</b>	<b>% Change in Currency Rate</b>	<b>Effect on Profit before Taxation</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
USD - Revaluation	1%	(5,093)	1%	(5,047)
USD - Devaluation	8%	40,774	10%	50,465

#### *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.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 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
<b>At 31 December 2015:</b>						
<b>Financial Assets</b>						
Cash and deposits	246,290	-	-	85,648	16,258	348,196
Insurance premium financing	16,223	25,153	73,125	-	-	114,501
Lease receivables	12,172	273,714	-	-	-	285,886
Loans receivable	317,070	25,196	107,692	130,051	-	580,009
Investment securities	-	-	-	47,606	-	47,606
<b>Total financial assets</b>	<b>591,755</b>	<b>324,063</b>	<b>180,817</b>	<b>263,305</b>	<b>16,258</b>	<b>1,376,198</b>
<b>Financial Liabilities</b>						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	-	-	1,048,104	500	1,048,604
Other liabilities	-	-	-	-	38,938	38,938
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,048,104</b>	<b>41,091</b>	<b>1,089,195</b>
<b>Total interest repricing gap</b>	<b>591,755</b>	<b>324,063</b>	<b>180,817</b>	<b>(784,799)</b>	<b>(24,833)</b>	<b>287,003</b>
<b>Cumulative gap</b>	<b>591,755</b>	<b>915,818</b>	<b>1,096,635</b>	<b>311,836</b>	<b>287,003</b>	<b>-</b>
<b>At 31 December 2014:</b>						
<b>Assets</b>						
Cash and deposits	285,914	-	-	80,338	153,539	519,791
Insurance premium financing receivables	19,443	21,313	72,760	-	-	113,516
Lease receivables	10,503	242,858	-	-	-	253,361
Loans receivable	199,992	14,964	139,061	119,484	-	473,501
<b>Total financial assets</b>	<b>515,852</b>	<b>279,135</b>	<b>211,821</b>	<b>199,822</b>	<b>153,539</b>	<b>1,360,169</b>
<b>Liabilities</b>						
Due to related parties	-	-	-	-	1,653	1,653
Borrowings	-	-	-	1,038,323	500	1,038,823
Other liabilities	-	-	-	-	29,550	29,550
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,038,323</b>	<b>31,703</b>	<b>1,070,026</b>
<b>Total interest repricing gap</b>	<b>515,852</b>	<b>279,135</b>	<b>211,821</b>	<b>(838,501)</b>	<b>121,836</b>	<b>290,143</b>
<b>Cumulative gap</b>	<b>515,852</b>	<b>794,987</b>	<b>1,006,808</b>	<b>168,307</b>	<b>290,143</b>	<b>-</b>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### *Interest rate risk (continued)*

##### *Interest rate sensitivity*

The company does not have any sensitivity to interest rate risk as all financial assets and liabilities are at fixed rates, except for lease receivables for which the company has the option to re-price in specific circumstances including, increases in the interest rates of benchmark Government of Jamaica securities and changes to the creditworthiness of the lessees.

### 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.

There were no changes to the company's approach to capital management during the year. 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. There are no financial assets and financial liabilities measured at fair value at the year end or the prior year.

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition.

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash, short-term deposits, insurance premium receivables, loans receivables and loans from related parties.
- (ii) The carrying value of long term loans payable from external lenders approximate their fair values, as these loans are listed on an exchange and as at year end, the closing bid price represents the their carrying values, being the amortised cost.



# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Segment Information

The operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic investment decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

These segments represent the different types of credit offering that are written by the entity. Management identifies its reportable operating segments by product line consistent with the reports used by the Board of Directors. Operating segments are subject to change according to the Company's investment strategies. These segments and their respective operations are as follows:

- Insurance Premium Finance (IPF) - These represent short term loans issued to customers for the financing of insurance premiums. These contracts normally have a duration of 3 to 9 months.
- Loans – These represent credit extended to customers with average tenure of 2 - 5 years. These loans are mostly secured by collateral, guarantees and payroll deductions.
- Leases: - These represent credit extended for the purchase of equipment and motor vehicle and have a duration of 2 - 5 years.

2015	Insurance Premium Finance	Loans	Leases	Total
Interest income as per segment	26,284	115,372	36,935	178,591
Unallocated income				55,606
Unallocated expense				(178,119)
<b>Profit before Taxation</b>				<b>56,078</b>
Taxation				407
<b>Net Profit</b>				<b>56,485</b>

2014	Insurance Premium Finance	Loans	Leases	Total
Interest income as per segment	29,162	53,519	31,513	114,194
Unallocated income				36,529
Unallocated expense				(99,492)
<b>Profit before Taxation</b>				<b>51,231</b>
Taxation				(55)
<b>Net Profit</b>				<b>51,176</b>

Other profit and loss disclosures:

	2015 \$'000	2014 \$'000
Depreciation	2,986	1,187

# Eppley Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

## 7. Segment Information (Continued)

Allocation of assets:

	<b>Total Assets 2015 \$'000</b>	<b>Total Assets 2014 \$'000</b>
Insurance premium finance	114,501	113,516
Loans	580,009	473,501
Leases	285,886	253,361
Total segment assets	<u>980,396</u>	<u>840,378</u>
<b>Unallocated :-</b>		
Cash and deposits	348,196	519,791
Taxation recoverable	4,166	1,319
Other receivables	51,195	50,186
Investment securities	47,606	-
Property, plant and equipment	7,499	3,248
Deferred taxation	79	-
<b>Total Assets per Statement of Financial Position</b>	<u><u>1,439,137</u></u>	<u><u>1,414,922</u></u>

Total capital expenditure was as follows:

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Property, plant and equipment	<u>7,237</u>	<u>28</u>

## 8. Other Operating Income

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Fee income	3,600	2,215
Foreign exchange gains	23,891	25,988
Other	7,117	4,839
	<u><u>34,608</u></u>	<u><u>33,042</u></u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 9. Expenses by Nature

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration -	1,750	1,300
Depreciation and amortisation	2,986	1,187
Marketing and advertising	252	194
Bad debts (recovered)/expense	(1,310)	1,822
Professional fees	6,356	4,177
Rent and maintenance	1,371	1,224
Repairs and maintenance	800	707
Staff costs (Note 10)	37,272	32,340
Stationery	1,642	1,370
Utilities	1,532	963
Other	8,030	5,507
Total	<u>60,681</u>	<u>50,791</u>

### 10. Staff Costs

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	30,864	26,909
Payroll taxes – employer's contribution	3,025	2,602
Pension costs	808	596
Other	2,575	2,233
	<u>37,272</u>	<u>32,340</u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 11. Taxation

- a. The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective July 2014. Consequently, the company is entitled to a remission of tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

- b. Taxation is based on the profit for the year adjusted for taxation purposes and represents:

	2015 \$'000	2014 \$'000
Current income tax charge	-	-
Deferred tax (Note 21)	(407)	55
	<u>(407)</u>	<u>55</u>

- c. The tax charge on the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2015 \$'000	2014 \$'000
Profit before taxation	<u>56,078</u>	<u>51,231</u>
Tax calculated at 25% (2014 - 25%)	14,020	12,808
Adjusted for the effects of:		
Income not subject to tax	(50,932)	(37,508)
Expenses not deductible for tax	43,719	23,082
Net effect of other charges and allowances	(7,214)	1,673
	<u>(407)</u>	<u>55</u>

### 12. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary shares outstanding during the year.

	2015	2014
Net profit attributable to shareholders (\$'000)	56,485	51,176
Weighted average number of shares outstanding ('000)	796	796
Earnings per share (\$)	<u>70.94</u>	<u>64.27</u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Cash and Cash Equivalents

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	36,702	309,292
Term deposits	<u>311,494</u>	<u>210,499</u>
	348,196	519,791
Less: Term deposits with maturity period in excess of 90 days	(85,215)	(79,806)
Less: Interest receivable	<u>(554)</u>	<u>(692)</u>
	<u><u>262,427</u></u>	<u><u>439,293</u></u>

Included in cash and bank balances is a foreign currency current account which earns interest at 0.01% (2014 - 0.01%) per annum and Jamaican dollar current accounts which earn interest at 0.05 – 0.10% (2014 - 0.05 – 0.10%) per annum.

Short term deposits comprise of repurchase agreements with an average maturity of 20 days (2014 – 11 days) while term deposits with maturity period in excess of 90 days have an average maturity period of 342 days.

The weighted average effective interest rates on term deposits were as follows:

	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
J\$ - short term deposits	5.70%	5.00
J\$ - long term deposits	7.25%	9.00
US\$ - short term deposits	<u>1.25%</u>	<u>-</u>

### 14. Other Receivables

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepaid expenses	89	34
Software deposit	4,626	-
GCT recoverable	41,306	50,152
Other	<u>5,174</u>	<u>-</u>
	<u><u>51,195</u></u>	<u><u>50,186</u></u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Insurance Premium Financing Receivables

	2015 \$'000	2014 \$'000
IPF loans receivable from affiliates	66,223	52,098
IPF loans receivable from external customers	59,022	71,534
Unearned interest	<u>(7,035)</u>	<u>(6,251)</u>
	118,210	117,381
Less: Provision for doubtful debts	<u>(3,709)</u>	<u>(3,865)</u>
	<u>114,501</u>	<u>113,516</u>

Insurance premium financing receivables include amounts with related parties (Note 20(b)).

### 16. Loans Receivable

	2015 \$'000	2014 \$'000
Loans receivable from affiliates	-	57,060
Loans receivable from external customers	<u>587,278</u>	<u>424,864</u>
	587,278	481,924
Less: Provision for doubtful debts	<u>(7,269)</u>	<u>(8,423)</u>
	<u>580,009</u>	<u>473,501</u>

Loans receivable include amounts with related parties (Note 20(b)).

### 17. Leases

	2015 \$'000	2014 \$'000
Gross investment in finance leases –		
Not later than one year	162,371	145,630
Later than one year and not later than five years	<u>177,834</u>	<u>158,605</u>
	340,205	304,235
Less: Unearned income	<u>(54,319)</u>	<u>(50,874)</u>
	<u>285,886</u>	<u>253,361</u>
Net investment in finance leases may be classified as follows:		
Not later than one year	136,446	121,278
Later than one year and not later than five years	<u>149,440</u>	<u>132,083</u>
	<u>285,886</u>	<u>253,361</u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

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### 18. Investment Securities

	2015 \$'000	2014 \$'000
Available-for-sale – at fair value		
Debt securities - Secured investment note	20,126	-
Interest receivable	524	-
	<u>20,650</u>	<u>-</u>
Fair value through profit or loss		
Units in Unit Trust Funds	26,956	-
	<u>26,956</u>	<u>-</u>
	<u>47,606</u>	<u>-</u>

The investment note is held as security for a reverse repurchase agreement (Note 22).

### 19. Property, Plant and Equipment

	Motor Vehicles \$'000	Furniture, Fixtures & Equipment \$'000	Computer software \$'000	Total \$'000
Cost -				
At 1 January 2014	3,328	3,364	-	6,692
Additions	-	28	-	28
At 31 December 2014	3,328	3,392	-	6,720
Additions	6,455	637	145	7,237
At 31 December 2015	<u>9,783</u>	<u>4,029</u>	<u>145</u>	<u>13,957</u>
Depreciation -				
At 1 January 2014	832	1,453	-	2,285
Charge for the year	832	355	-	1,187
At 31 December 2014	1,664	1,808	-	3,472
Charge for the year	2,446	504	36	2,986
At 31 December 2015	<u>4,110</u>	<u>2,312</u>	<u>36</u>	<u>6,458</u>
Net Book Value -				
31 December 2015	<u>5,673</u>	<u>1,717</u>	<u>109</u>	<u>7,499</u>
31 December 2014	<u>1,664</u>	<u>1,584</u>	<u>-</u>	<u>3,248</u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Related Party Transactions and Balances

(a) The statement of comprehensive income includes the following transactions with related parties –

	2015 \$'000	2014 \$'000
Interest income -		
Key management	752	747
Affiliate	<u>37,501</u>	<u>18,146</u>
	<u>38,253</u>	<u>18,893</u>
Interest expense -		
Affiliate	<u>1,978</u>	<u>3,575</u>
Key management compensation -		
Directors' fees	<u>240</u>	<u>200</u>
Salaries and other short term benefits	<u>7,152</u>	<u>6,841</u>
Management fees -		
Affiliate	<u>2,912</u>	<u>2,272</u>
Rental and maintenance expense -		
Affiliate	<u>1,371</u>	<u>1,224</u>

(b) The statement of financial position includes the following balances with group companies –

	2015 \$'000	2014 \$'000
Due to related parties -		
Affiliate	<u>1,653</u>	<u>1,653</u>
Loan due to related parties (Note 22) -		
Balance at the beginning of year	32,729	112,317
Loans received	-	53,612
Interest charged	1,978	3,575
Repayments	(1,978)	(140,998)
Foreign exchange translation	<u>1,617</u>	<u>4,223</u>
Balance at end of year	<u>34,346</u>	<u>32,729</u>
Insurance premium financing receivables -		
Affiliates (Note 15)	<u>66,223</u>	<u>52,098</u>



# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Related Party Transactions and Balances (Continued)

(b) The statement of financial position includes the following balances with group companies (continued) –

	2015 \$'000	2014 \$'000
Loan receivables:-		
(i) Affiliates		
Balance at the beginning of year	57,881	163,963
Loans issued	200,000	255,020
Interest earned	29,000	10,616
Repayments	(289,545)	(378,483)
Foreign exchange translation	2,664	6,765
Balance at end of year	<u>-</u>	<u>57,881</u>
(ii) Key management	<u>7,504</u>	<u>7,746</u>

Loans receivable from key management attract interest at an average rate of 9.5% (2014 – 9.5%) and are repayable within 12 months.

### 21. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the liability methods using an effective tax rate of 12.5% (2014 – 12.5%).

The movement on the deferred income tax account is as follows:

	2015 \$'000	2014 \$'000
Balance as at 1 January	(328)	(273)
Statement of comprehensive income (Note 11)	407	(55)
Balance as at 31 December	<u>79</u>	<u>(328)</u>

Deferred income tax assets/(liabilities) are attributable to the following item:

	2015 \$'000	2014 \$'000
Property, plant and equipment	<u>79</u>	<u>(328)</u>

The movement in the statement of comprehensive income is attributable to the following:

	2015 \$'000	2014 \$'000
Property, plant and equipment	407	(55)
	<u>407</u>	<u>(55)</u>

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 22. Borrowings

	2015 \$'000	2014 \$'000
<b>Composition of borrowings</b>		
(a) Loans from affiliates (Note 20 (b))	34,346	32,729
(b) Short term loan from external lender	13,192	-
(c) Long term loans from external lenders	<u>1,001,066</u>	<u>1,006,094</u>
	1,048,604	1,038,823
<b>Less: Current portion</b>		
Loans from affiliates	(34,346)	(32,729)
Loan from external lender	(13,192)	-
Long term loans from external lenders	(34,225)	(27,561)
Unwinding of unamortised fees within 12 months	<u>13,431</u>	<u>12,871</u>
<b>Non-current borrowings</b>	<u>980,272</u>	<u>991,404</u>

(a) This balance represents loans from two (2) affiliated companies. One of the loans represents \$500,000 which does not attract interest, is unsecured and has no set repayment. The other loan represents a balance of US\$281,000 from October 2014 to 31 December 2015 at 6% per annum. The repayment term was subsequently extended to 30 June 2016.

(b) The balance from external lender represents a reverse repurchase agreement with principal of \$13 million with interest payable of \$192,000 as at December 31, 2015. The reverse repurchase agreement has a maturity date of 13 January 2016. The reverse repurchase agreement is secured by Proven 10.5% 2017 Notes with a nominal value of \$20 million (Note 18).

(c) Long term loans from external lenders

	2015 \$'000	2014 \$'000
Redeemable preference shares (i)	961,946	961,946
Less: Unamortised fees	<u>(29,509)</u>	<u>(42,794)</u>
	932,437	919,152
DB&K Limited (ii)	<u>68,629</u>	<u>86,942</u>
	<u>1,001,066</u>	<u>1,006,094</u>

(i) This represents 60,325,600 preference shares issued in November 2013 and 99,998,667 preference shares issued in November - December 2014 listed on the Junior Market of the Jamaica Stock Exchange and redeemable in November 2018 and November 2019 respectively. These preference shares were issued at interest of 9.50% and 10% respectively.

(ii) This represents two (2) unsecured loans of approximately US\$777,000 and US\$72,000 (approximately J\$88 million and J\$8 million) received during 2014 and 2015 respectively. The loans attract interest at 8% and are repayable in 36 months.

# Eppley Limited

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 23. Other Liabilities

	2015 \$'000	2014 \$'000
Accruals	11,387	7,754
Due to clients	8,949	7,886
Other	18,602	13,910
	<u>38,938</u>	<u>29,550</u>

### 24. Share Capital

	2015 \$'000	2014 \$'000
Authorised - 800,000 (2014 – 800,000) Ordinary shares of no par		
Issued and fully paid - 796,249 (2014 – 796,249) stock units	<u>181,189</u>	<u>181,189</u>

### 25. Dividends

During the year, the company declared dividends to registered holders on record as follows:

	2015 \$'000	2014 \$'000
Ordinary dividends, gross - \$64.19 (2014 – \$36.00) per ordinary stock units	<u>51,111</u>	<u>28,665</u>

### 26. 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 2014, indicated that the scheme was solvent and that the available assets exceeded the total liabilities resulting in a surplus at that date.

Pension contributions for the period totalled \$808,000 (2014 – \$596,000) and are included in staff costs (Note 10).

### 27. Subsequent Events

The company declared an ordinary dividend of forty-three dollars and forty cents (\$43.40) per stock unit to stockholders on record as at 26 February 2016 which was paid on 11 March 2016.

The company declared an ordinary dividend of nine dollars (\$9.00) per stock unit to stockholders on record as at 11 April 2016 which will be paid on 20 April 2016.

## UNAUDITED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 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
<b>Net Investment Income</b>					
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>
<b>Net interest income</b>	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>
<b>Net Profit being Total Comprehensive Income for the Year</b>	<b><u><u>61,295</u></u></b>	<b><u><u>41,776</u></u></b>	<b><u><u>20,827</u></u></b>	<b><u><u>19,249</u></u></b>	<b><u><u>56,485</u></u></b>
<b>EARNINGS PER SHARE (3)</b>	<b>\$60.08</b>	<b>\$52.47</b>	<b>\$16.23</b>	<b>\$24.17</b>	<b>\$70.94</b>

# UNAUDITED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2016

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

	Unaudited Sep. 2016	Unaudited Sep. 2015	Audited Dec. 2015
<b>ASSETS</b>			
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><b>1,704,239</b></u>	<u><b>1,429,275</b></u>	<u><b>1,439,137</b></u>
<b>LIABILITIES</b>			
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><b>1,031,825</b></u>	<u><b>1,087,957</b></u>	<u><b>1,090,277</b></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	492,343	181,189	181,189
Retained earnings	180,071	160,129	167,671
	<u><b>672,414</b></u>	<u><b>341,319</b></u>	<u><b>348,860</b></u>
	<u><b>1,704,239</b></u>	<u><b>1,429,275</b></u>	<u><b>1,439,137</b></u>

## UNAUDITED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2016

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

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
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)
<b>Balance as at 30 September, 2015</b>	<b>181,189</b>	<b>160,128</b>	<b>341,319</b>
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)
<b>Balance as at 30 September, 2016</b>	<b>492,343</b>	<b>180,070</b>	<b>672,414</b>

## UNAUDITED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2016

**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
<b>Cash Flows from Operating Activities</b>			
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)
	<b>(72,259)</b>	<b>(32,125)</b>	<b>(53,868)</b>
<b>Changes in non-cash working capital components:</b>			
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
	<b>(358,807)</b>	<b>(163,411)</b>	<b>38,813</b>
Tax withheld at source/paid	(1,610)	(840)	(2,847)
Interest paid	(56,939)	(87,756)	(117,247)
<b>Net cash provided by/(used in) operating activities</b>	<b>(417,356)</b>	<b>(252,007)</b>	<b>(81,281)</b>

## UNAUDITED FINANCIAL INFORMATION

### 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
<b>Cash Flows from Investing Activities</b>			
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)
<b>Net cash provided by/(used) in investing activities</b>	<b>36,796</b>	<b>(53,697)</b>	<b>(52,838)</b>
<b>Cash Flows from Financing Activities</b>			
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)
<b>Net cash (used in)/provided by financing activities</b>	<b>198,891</b>	<b>(35,179)</b>	<b>(47,073)</b>
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
<b>Cash and cash equivalents at beginning of year</b>	<b>262,426</b>	<b>439,293</b>	<b>439,293</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>81,577</b>	<b>101,212</b>	<b>262,427</b>



## **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. The Company takes security over assets located both in and outside of Jamaica and its ability to recover cash as a result of any asset sales may be affected by both local and foreign laws.

### 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.

There exists proposed 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.

### 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 maybe 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 2021 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 ATL Pension Fund Trustees Nominee Limited, Musson Jamaica Limited, Stony Hill Capital 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/ Flat Trading

Following their proposed admission to trading on the JSE the 2021 Preference Shares, like the Ordinary Shares, may experience volatility in their market price, or flat trading, being very infrequent or insignificant volumes of trading, either of 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. In either case the market price of the shares may be negatively affected or constrained from growing.

#### 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. If the Company is de-listed at any time during the fifteen year period from the date of listing or breaches other conditions set out in the Junior Market Rules, 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.

## **SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY**

### Lead Arranger and Sole Selling and Listing Agent

JMMB Securities Limited  
6 Haughton Terrace  
Kingston 10

### Auditors

PricewaterhouseCoopers  
Scotiabank Centre  
Duke Street  
Kingston

### Attorneys to the Company

Clinton Hart  
58 Duke Street  
Kingston, Jamaica W.I.

DunnCox  
48 Duke Street  
Kingston, Jamaica W.I.

Patterson Mair Hamilton  
Temple Court, 85 Hope Road  
Kingston 6, Jamaica W.I.

### Attorneys to the Company in the Invitation

Patterson Mair Hamilton  
Temple Court, 85 Hope Road  
Kingston 6, Jamaica W.I.

### 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, High Rock, 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  
Paul B. Scott, 4A Manor Court, Kingston 8, Saint Andrew
5. The Invitation will open for subscription at 9:00 a.m. on Thursday 24 November 2016 and will close at 4:00 p.m. on the Closing Date, Thursday 1 December 2016 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 2021 Preference Shares offered under this Prospectus, or to extend the Closing Date as described in this Prospectus and/or invite subscriptions for 2021 Preference Shares greater in number than originally offered.
6. All Applicants will be required to pay in full the price of \$6 per 2021 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.
7. The Company invited applications for subscription for the following securities:

#### Ordinary Shares

The Company invited subscriptions for 487,703 new Ordinary Shares priced at \$650 each in a renounceable issue to existing Ordinary Shareholders, by way of a circular issued in May 2016. Prior to this, in July 2013, the Company initially 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.

#### 2019 Preference Shares

In November and December 2014 the Company invited subscriptions for an aggregate number of 66,666,667 units of 2019 Preference Shares at the price of \$6 per Preference Share (41,666,667 units of the 2019 Preference Shares were initially the subject of the invitation made in November 2014, but excess demand caused the Company to exercise its option to upsize the issue by 25,000,000 further

2019 Preference Shares in December 2014, raising \$600 million in the aggregate). These 2019 Preference Shares were allotted fully paid and converted to Preference Stock Units, and listed on the Jamaica Stock Exchange in December 2014.

#### 2018 Preference Shares

The Company invited subscriptions of 2018 Preference Shares at the price of \$6 per Share from the public in November 2013. The Company exercised an option to upsize the issue and allotted 60,325,600 - 2018 Preference Shares in the aggregate, which were valued at \$362 million, and were allotted fully paid and converted to Preference Stock Units, and listed on the Jamaica Stock Exchange in December 2013.

The Company was also registered as an issuer of the Ordinary Shares and the 2018 Preference Shares and the 2019 Preference 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 Ordinary Shares and 204,250 Ordinary Shares respectively. 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.

8. 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.
9. As at 30 September 2016, 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 \$1.56 Billion in the form of cash and deposits.
10. 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.
11. As at 30 September 2016, 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 of \$1.031 Billion in the aggregate consisting of the following:

Due to related parties	1,653
Taxation payable	1,082
Deferred Taxation	-
Borrowings	989,058
Other liabilities	40,033
	<hr/>
	<b>1,031,825</b>

12. In the period from 1 January to 30 September 2016, the Company paid dividends on the Ordinary Shares amounting to \$48.895m. In the period represented by the Audited Financial Information the Company paid the following dividends on the Ordinary Shares and the 2018 Preference Shares and the 2019 Preference Shares:

Ordinary Shares

	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Dividends paid</b>	51,111	28,665	0	0	20,000

2018 Preference Shares

	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b><u>\$000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Dividends paid</b>	34,385	34,385	3,108	0	0

2019 Preference Shares

	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Dividends paid</b>	60,002	5,328	0	0	0

13. 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 \$11 million (inclusive of brokerage 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 fees



and disbursements set out in paragraph 17, and the legal fees of Patterson Mair Hamilton, Attorneys-at-law, which amount to \$1.5 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 2016. Under the terms of the engagement JMMBSL is entitled to receive fees as follows: (a) a brokerage and listing agent's fee of 1.75% of the value of the total amount raised and accepted by the Company in the Invitation plus GCT, and recoupment of its disbursements inclusive of \$500,000 plus GCT in legal fees.
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 usual entitlements to a return of surplus capital in the event of a winding up, and payment of any dividends declared by the Board and carry the usual voting rights in the Company.

The 2021 Preference Shares will rank *pari passu* with the 2018 Preference Shares and the 2019 Preference Shares in respect of rights to a return of surplus capital and the payment of any cumulative preference dividends, and none of the said 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%.
- Dividends on the Ordinary Shares paid to residents of Jamaica are subject to income tax at the rate of 15% which is 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  $33\frac{1}{3}$  % if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.
- Foreign resident 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 31<sup>st</sup> December 2011 to 2015 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**



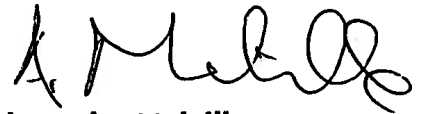
**Nicholas Scott**



**Sharon Donaldson**



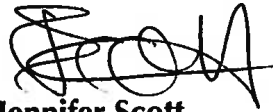
**Maxim Rochester**



**Alexander Melville**



**Keith Collister**



**Jennifer Scott**



**Byron Thompson**



**P.B. Scott**

**APPENDIX 1: APPLICATION FORM**

**APPENDIX 1 APPLICATION FORM - EPPLEY LIMITED 2021 PREFERENCE SHARE OFFER**

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: EPPLEY LIMITED (“EPPLEY” or the “Company”)

Re: **Shares for Subscription** in respect of Eppley’s Cumulative Redeemable Preference Shares due 2021 (the “2021 Preference Shares”) being offered made pursuant to the Prospectus dated and registered 17 November, 2016. 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 into this Application Form by the prospectus by reference. I/We hereby apply for       2021 Preference 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. Application must be for a minimum subscription amount of 5,000 shares valued at \$30,000.00 with increments in multiples of 1,000 shares valued at \$6,000.00. I/we make payment for the total price of my/our subscription and the JCSD processing fee of \$134.00 (inclusive of GCT) via the method(s) selected below:

PLEASE TICK THE RELEVANT PAYMENT METHOD( S):-

SUBSCRIPTION PAYMENT (J\$)	FEE PAYMENT (J\$)
<input type="checkbox"/> J\$ Bank Draft drawn on a Jamaican commercial bank payable to “Eppley 2021 Preference Share Offer”	<input type="checkbox"/> J\$ cheque totalling \$134.00 (inclusive of GCT) payable to JMMB Fee Settlement Account
<input type="checkbox"/> Debit my/our JMMB J\$ Account <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Debit my/our JMMB J\$ Account <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input type="checkbox"/> Transfer via RTGS/ACH as detailed below at Note 2 (c)	

Total Subscription amount = J\$       (Subscription amount + Fee payment of J\$134.00)

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 constitutive documents of Eppley Limited, by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of shares that may be allocated to me/us at the close of the said Invitation upon the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated and issued 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.**

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I WISH TO RECEIVE COMMUNICATION VIA EMAIL ADDRESS \_\_\_\_\_

SIGNED \_\_\_\_\_ DATE SIGNATURE AFFIXED: \_\_\_\_\_

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):  
DIRECTOR: \_\_\_\_\_ DIRECTOR/SECRETARY: \_\_\_\_\_ DATE SIGNATURES AFFIXED: \_\_\_\_\_

PLEASE CONTINUE ON REVERSE TO COMPLETE JOINT HOLDER INFORMATION	USE BY REGISTRAR ONLY
This Offer is not made to persons resident outside of Jamaica	
Form ID: _____	Batch #: _____

**APPENDIX 1 (CONTINUED)**

**JOINT HOLDER(S) DETAILS**

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FIRST NAMED JOINT HOLDER

--

CITIZENSHIP

--

TAXPAYER REGISTRATION NUMBER

\_\_\_\_\_

SIGNATURE

--

SECOND NAMED JOINT HOLDER

--

CITIZENSHIP

--

TAXPAYER REGISTRATION NUMBER

\_\_\_\_\_

SIGNATURE

--

THIRD NAMED JOINT HOLDER

--

CITIZENSHIP

--

TAXPAYER REGISTRATION NUMBER

\_\_\_\_\_

SIGNATURE

**REFUND OPTION (PLEASE TICK PREFERRED OPTION):**

CREDIT MY/OUR JMMB A/C # \_\_\_\_\_  PICK-UP CHEQUE AT BROKER OFFICE WHERE APPLICATION WAS SUBMITTED

**NOTES ON HOW TO COMPLETE THE APPLICATION FORM**

1. Application must be for a minimum of 5,000 shares with increments in multiples of 1,000 shares. Applications in any other increment will not be accepted or processed. All applications must be accompanied by the JCSD processing fees of J\$134.00 (inclusive of GCT).
2. All applicants must attach their payment for the specified amount of shares they have applied for, in the form of either:
  - a. A Manager's Cheque payable to "Eppley 2021 Preference Share Offer"; or
  - b. Authorisation on the Application form from the Primary Applicant instructing JMMB to make payment from cleared funds held in an investment account in the Applicants' name at JMMB; or
  - c. Transfer in the Real Time Gross Settlement (RTGS) system to JMMB, in the case of payment of J\$1 million or more or ACH Transfer for amounts under J\$1 million as follows:

**RTGS – FOR TRANSACTIONS VALUED AT J\$1M 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/NCB Elink**

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 2953891 INO EPPLEY 2021 PREFERENCE SHARE OFFER.**

**\*\*NOTE\*\***

**SEND EMAIL TO JMMB AT CENTRALIZED\_PROCESSING@JMMB.COM WITH RECORD OF THE TRANSFER I.E DATE OF TRANSFER, AMOUNT TRANSFERRED, JMMB BANK ACCOUNT & TRANSACTION REFERENCE NO.**

3. Primary applicants must be at least 18 years old.
4. 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.
5. All applicants must attach certified copies of their Government Issued ID.as well as their T.R.N. card (if ID provided is not a Jamaican Driver's Licence displaying their T.R.N.).
6. Share Certificates will not be issued unless specifically requested through your Broker. Instead, the shares allotted to successful applicants will be credited to their account at the JCSD. If the applicant does not have a JCSD account, one will be created by your Broker and the allotted shares value credited to that account. Applicants may refer to the notice posted on the JSE website ([www.jamstockex.com](http://www.jamstockex.com)) for instructions confirming share Allotments.

**THIS SECTION FOR BROKER USE ONLY**

DATE APPLICATION RECEIVED: 

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 TIME RECEIVED: \_\_\_\_\_

RECEIVED BY: 

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FIRST NAME

LAST NAME

**PAYMENT METHOD**

PAYMENT REF. No. 1 \_\_\_\_\_ PAYMENT REF. No. 2 \_\_\_\_\_ PAYMENT REF. No. 3 \_\_\_\_\_

PAYMENT METHOD:  CHEQUE  INTERNAL TRANSFER  RTGS/ACH TRANSFER

## APPENDIX 2: TERMS OF ISSUE

### Terms of Issue of Cumulative Redeemable Preference Shares due 2021

In these Terms of Issue:

<b>Act</b>	means the Companies Act, 2004 and any amendment thereof
<b>Agreed Rate</b>	means 8.25% per year calculated on the value of each 2021 Preference Share and for this purpose 'year' shall mean any period of 365 days
<b>Business Day</b>	means a day, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica
<b>Company</b>	means Eppley Limited, a company incorporated under the laws of Jamaica with its registered office at 58 Half Way Tree Road, Kingston, Jamaica
<b>Maturity</b>	Means 30 November 2021 or the day falling 60 months after the issue of the 2021 Preference Shares, whichever is later
<b>Registrar, Transfer and Paying Agent</b>	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 Preference Shares due 2021" (referred to herein as the "2021 Preference Shares") conferring upon the registered holders thereof the following rights and are issued subject to the following restrictions, namely:**

**(1) As to Rank**

The 2021 Preference Shares will rank *pari passu* to any existing preference shares of the Company being the 2018 Preference Shares and the 2019 Preference Shares, but the 2018 Preference Shares, 2019 Preference Shares and 2021 Preference Shares shall each be treated as a separate class for the purpose of the Articles of Incorporation of the Company.

**(2) As to dividend income:**

The right to a preferential dividend at the Agreed Rate, payable to registered holders of the 2021 Preference Shares. The first dividend payment will become due and payable on December 30, 2016. Thereafter dividends will be due and payable monthly in arrears 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.

**(3) 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 shares in the capital of the Company (being the 2018 Preference Shares and the 2019 Preference Shares):

- (a) of any arrears or accruals of the preferential dividend on the 2021 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 2021 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.

**(4) As to voting:**

Save as provided herein and in paragraph (5) below the 2021 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 2021 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) in the event that 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 2021 Preference Share, present in person or by proxy, shall have one (1) vote for each 2021 Preference Share of which he is the holder.

**(5) As to further issues of 2021 Preference Shares (or any other preference shares):**

The Company may without any consent or sanction of the holders of the 2021 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 2021 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 2021 Preference Shares (and the 2018 Preference Shares and the 2019 Preference Shares) so as to form a separate class,

for the purposes of the Articles of Incorporation of the Company.

Subject to the provisions of this paragraph the rights attaching to the 2021 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 2021 Preference Shares or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class of shares, 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 2021 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 2021 Preference Shares shall, on a poll, have one vote in respect of each 2021 Preference Share held by them respectively.

For the avoidance of doubt, at any such meeting every holder of a 2021 Preference Share present in person or by proxy shall have one (1) vote, and on a poll every holder of a 2021 Preference Share, present in person or by proxy, shall have one (1) vote for each 2021 Preference Share of which he is the holder.

**(6) As to redemption:**

The 2021 Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Act and the terms and conditions set out in this paragraph (6), whole or partial redemption of the 2021 Preference Shares in issue shall be effected in the following manner:

**(a) Mandatory redemption:**

On Maturity at a price per 2021 Preference Share that is equivalent to the issue price, and otherwise on terms that are specified by the Bard of the Company for that purpose.

**(b) Optional redemption:**

The Company also reserves the right to redeem the 2021 Preference Shares on any dividend payment date that is not less than three (3) years from the issue date, at the Invitation Price per Preference Share plus 1% of that Invitation Price, plus any dividends accrued at the Agreed Rate up to the date of redemption. The Company will provide thirty (30) days' notice prior to the date of redemption.

**General provisions for redemptions:**

Any circular or notice issued by the Company for the purposes of this paragraph (6) shall:

- (a) fix the, date, time and place for the redemption of the 2021 Preference Shares;
- (b) specify the redemption price, how many of the particular 2021 Preference Shares are to be redeemed, and whether redemption is optional or mandatory;
- (c) provide instructions to the registered holders of the 2021 Preference Shares to deliver to the Company any certificates in respect of the 2021 Preference Shares for cancellation, or other evidence of ownership of the 2021 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 2021 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 2021 Preference Shares not comprising all of the 2021 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 2021 Preference Shares specified in the said circular or notice shall cease to accrue dividends, save and except in respect of any 2021 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 2021 Preference Shares, it shall redeem such 2021 Preference Shares at such time and it shall redeem the remaining 2021 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 2021 Preference Shares for the purposes of this paragraph 6 shall be made in cash or by cheque.

On redemption of any 2021 Preference Shares, and subject always to the provisions of the Act, the said 2021 Preference Shares may be:

- (i) cancelled or held in treasury and in either case, such 2021 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 2021 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).

#### **(7) Other rights:**

The 2021 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 2021 Preference Shareholders

that, so long as any 2021 Preference Shares remain in issue and are allotted to one or more holders, the Company shall: 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 2018 Preference Shares or the 2019 Preference Shares or 2021 Preference Shares

**(8) Conversion to 2021 Preference Stock Units on Issue:**

As it is intended that the 2021 Preference Shares shall be converted to 2021 Preference Stock Units on issue, references in these terms to "2021 Preference Shares" shall be construed to mean on issue of the same, "2021 Preference Stock Units".

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

Knutsford Boulevard Branch  
11 Knutsford Boulevard  
New Kingston  
Kingston 5  
Tel: 876 960-3911

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

Haughton Avenue Branch  
5 Haughton Avenue  
Kingston 10  
Tel: 876 920-5050

Brown's Town Agency  
Unit 3, Burlington Point  
2 Church Street  
Brown's Town, St. Ann  
Tel: 876 917-8721

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  
Tel: 876 795-3651

Portmore Branch  
47-48 West Trade Way  
Portmore Town Centre  
Portmore, St. Catherine  
Tel: 876 939-3205

Mandeville Branch  
23 Ward Avenue  
Mandeville, Manchester  
Tel: 876 625-2351

Montego Bay Branch  
Suite 1 Fairview Office Park  
Alice Eldemire Drive  
Montego Bay, St. James  
Tel: 876 979-6052

May Pen Branch  
Shop 28B, Bargain Village Plaza  
35 Main Street  
May Pen, Clarendon  
Tel: 876 786-0101

Santa Cruz Branch  
Shop # 2 Oasis Plaza, Coke Drive  
Santa Cruz, St. Elizabeth  
Tel: 876 966-2512