



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

May 11, 2017

Fellow Shareholders,

Eppley produced earnings per share of \$0.08 last quarter, a 2.5% return for shareholders.<sup>1</sup> At the end of the quarter, our net asset value was \$3.52 per share.

#### Portfolio

At the end of the quarter we owned a \$1.8 billion investment portfolio consisting mainly of loans, leases and receivables. The average income yield of our portfolio was 15%. Our capital-at-risk was less than 1% of capital.

#### Capitalization and Liquidity

Our leverage was 2.0x our capital at the end of the quarter and our average cost of debt was 10%. We ended the year with \$150 million of cash.

#### Financial Performance

Our profit after tax for the quarter was \$15.9 million compared to the \$10.6 million we earned in the first quarter of last year.

#### Dividend

Today, the Board of Directors approved a dividend of 3.72 cents per share payable on June 2 to ordinary shareholders on record as of May 19.

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<sup>1</sup> Based on a cost basis of \$3.21 per share which assumes an investor subscribed in the IPO and fully participated in the rights issue (the equivalent of \$481 per share before our recent 150:1 stock split).

Subject to the discretion of the Board of Directors we expect to maintain our dividend policy in future periods.

Sincerely,

Handwritten signature of Nigel L. Clarke in blue ink.

**Nigel L. Clarke**  
Chairman

Handwritten signature of Nicholas A. Scott in blue ink.

**Nicholas A. Scott**  
Managing Director

**EPPLEY LIMITED**

**FIRST QUARTER 2017**

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

	<b>Unaudited 3 months ended Mar. 2017</b>	<b>Unaudited 3 months ended Mar. 2016</b>	<b>Audited 12 months ended Dec. 2016</b>
<b>Net Investment Income</b>			
Interest Income	62,540	43,973	210,145
Interest expense	(36,861)	(28,577)	(115,918)
<b>Net interest Income</b>	25,679	15,396	94,227
Other operating income	10,086	11,643	60,880
Administrative expenses	(20,294)	(16,476)	(78,664)
Share of net profit from joint venture accounted for using the equity method	467	-	30,469
Profit before taxation	15,938	10,562	106,912
Taxation	-	-	(225)
<b>Net Profit for the Year</b>	<b>15,938</b>	<b>10,562</b>	<b>106,687</b>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Unrealised losses on available for sale investments	-	(3,961)	-
Total other comprehensive income	-	(3,961)	-
<b>Total Comprehensive Income</b>	<b>15,938</b>	<b>6,601</b>	<b>106,687</b>
<b>EARNINGS PER SHARE (3)</b>	<b>\$0.08</b>	<b>\$0.09</b>	<b>\$0.66</b>

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

	Unaudited Mar. 2017	Unaudited Mar. 2016	Audited Dec. 2016
<b>ASSETS</b>			
Cash and deposits	150,563	164,808	297,279
Taxation recoverable	6,570	4,805	6,033
Other receivable	62,282	86,771	65,661
IPF receivables	397,186	293,976	304,951
Loans receivable	927,051	444,294	906,979
Lease receivable	367,948	322,048	392,030
Investment securities	-	33,324	-
Investment in joint venture	122,924	-	93,582
Property, plant and equipment	14,884	11,089	16,406
Deferred taxation	-	79	-
	<u><b>2,049,408</b></u>	<u><b>1,361,194</b></u>	<u><b>2,082,921</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	146	-	146
Borrowings	1,327,524	997,440	1,333,119
Other liabilities	42,473	47,280	36,289
	<u><b>1,372,877</b></u>	<u><b>1,047,455</b></u>	<u><b>1,372,289</b></u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	492,343	181,189	492,343
Fair value reserves	-	(3,961)	-
Retained earnings	184,186	136,511	218,289
	<u><b>676,530</b></u>	<u><b>313,739</b></u>	<u><b>710,632</b></u>
	<u><b>2,049,408</b></u>	<u><b>1,361,194</b></u>	<u><b>2,082,921</b></u>

Approved by the Board of Directors on May 11, 2017 and signed on its behalf by:



**Nigel L. Clarke**  
Chairman



**Nicholas A. Scott**  
Managing Director

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

	<b>Share Capital</b>	<b>Fair Value Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance as at 1 January 2016	181,189	-	167,671	348,860
Net profit for the period	-	-	10,562	10,562
Other comprehensive income		(3,961)		(3,961)
Dividends	-	-	(41,723)	(41,723)
<b>Balance as at 31 March, 2016</b>	<b><u>181,189</u></b>	<b><u>(3,961)</u></b>	<b><u>136,510</u></b>	<b><u>313,739</u></b>
Balance as at 1 January 2017	492,343	-	218,289	710,632
Net profit for the period	-	-	15,938	15,938
Issue of shares	-	-	-	-
Dividends	-	-	(50,042)	(50,042)
<b>Balance as at 31 March, 2017</b>	<b><u>492,343</u></b>	<b><u>-</u></b>	<b><u>184,186</u></b>	<b><u>676,530</u></b>

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

	<b>Unaudited 3 months ended Mar. 2017</b>	<b>Unaudited 3 months ended Mar. 2016</b>	<b>Audited 12 months ended Dec. 2016</b>
<b>Cash Flows from Operating Activities</b>			
Net profit	15,938	10,562	106,687
Adjustments for items not affecting cash:			
Depreciation	1,522	1,036	6,943
Amortisation of premium on investments	-	22	126
Interest income	(62,540)	(43,973)	(210,145)
Interest expense	36,861	28,577	115,918
Realised gain on investment securities	-	(1,856)	(2,284)
Exchange (gains)/losses on foreign balances	(607)	(6,633)	(43,946)
Share of profits from joint venture	(467)	-	(30,469)
Taxation	-	-	225
	<u><b>(9,293)</b></u>	<u><b>(12,264)</b></u>	<u><b>(56,945)</b></u>
<b>Changes in non-cash working capital components:</b>			
Other receivables	3,388	(35,350)	(13,593)
Insurance premium financing receivables	(93,040)	(179,191)	(178,621)
Loans receivable	(22,117)	140,753	(305,882)
Lease receivables	24,439	(33,742)	(94,119)
Interest received	61,164	42,554	210,507
Other liabilities	6,182	8,440	(2,255)
	<u><b>(29,276)</b></u>	<u><b>(68,801)</b></u>	<u><b>(440,908)</b></u>
Tax withheld at source/paid	(537)	(639)	(1,867)
Interest paid	(36,861)	(28,769)	(116,110)
<b>Net cash provided by/(used in) operating activities</b>	<u><b>(66,674)</b></u>	<u><b>(98,209)</b></u>	<u><b>(558,885)</b></u>

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

	<b>Unaudited 3 months ended Mar. 2017</b>	<b>Unaudited 3 months ended Mar. 2016</b>	<b>Audited 12 months ended Dec. 2016</b>
<b>Cash Flows from Investing Activities</b>			
Term deposits with maturity periods in excess of 90 days	-	-	(144,785)
Acquisition of Investments	-	(16,658)	(16,658)
Investment in joint venture	(28,863)	-	(63,113)
Proceed from sale of investments	130,000	28,812	65,898
Additions to property, plant and equipment	-	(4,626)	(15,850)
<b>Net cash provided by/(used) in investing activities</b>	<b>101,137</b>	<b>7,528</b>	<b>(174,507)</b>
<b>Cash Flows from Financing Activities</b>			
Shares issued	-	-	311,154
Dividend paid	(50,042)	(41,723)	(56,069)
Loans received	3,948	3,361	403,485
Loans repaid	(9,587)	(55,585)	(122,875)
<b>Net cash (used in)/provided by financing activities</b>	<b>(55,681)</b>	<b>(93,947)</b>	<b>535,695</b>
Increase/(Decrease) in net cash balance	(21,218)	(184,628)	(197,698)
Effects of foreign exchange rates changes on cash and cash equivalents	3,126	(180)	1,834
<b>Cash and cash equivalents at beginning of year</b>	<b>66,563</b>	<b>262,427</b>	<b>262,427</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>48,471</b>	<b>77,619</b>	<b>66,563</b>



### **Ten Largest Shareholders**

*(at March 31, 2017)*

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nominee Limited	48,052,050
Shani Limited	20,598,900
General Accident Insurance Company (Jamaica) Limited	17,653,200
Coldharbour Partners Inc.	15,244,350
Curmudgeon Limited	8,283,000
Michael Subratie	8,040,450
Jennifer Scott	7,002,150
Ravers Limited	5,348,700
Musson (Jamaica) Limited	2,749,800

### **Shareholdings of Directors**

*(at March 31, 2017)*

	Direct	Connected
Nigel Clarke	795,750	20,598,900
Melanie Subratie	-	20,403,300
Nicholas Scott	-	23,527,350
Sharon Donaldson	786,450	-
Jennifer Scott	7,002,150	-
Keith Collister	-	-
Byron Thompson	483,750	-
Maxim Rochester	956,850	-
P.B. Scott	-	20,403,300
Alexander Melville	-	-

### **Shareholdings of Executives**

*(at March 31, 2017)*

	Direct	Connected
Nadia Jervis	1,016,400	-
Justin Nam	1,357,050	-
Jacquelin Watson	1,024,650	-

**1. Identification and Activities**

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

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

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

**2. Statement of Compliance and Basis of Preparation**

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

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

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2016. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

**3. Earnings Per Share**

	<b>Unaudited 3 months ended Mar. 2017</b>	<b>Unaudited 3 months ended Mar. 2016</b>	<b>Unaudited 12 months ended Dec. 2016</b>
Net Profit being Total Comprehensive Income for the Year	15,938	10,562	106,687
Weighted Average Shares Outstanding	<u>192,468,300</u>	<u>119,437,350</u>	<u>162,855,750</u>
<b>EARNINGS PER SHARE</b>	<b>0.08</b>	<b>0.09</b>	<b>0.66</b>

#### 4. Cash and Cash Equivalents

	<b>Unaudited 3 months ended Mar. 2017</b>	<b>Unaudited 3 months ended Mar. 2016</b>	<b>Unaudited 12 months ended Dec. 2016</b>
Cash and bank balances	50,563	23,988	67,279
Term Deposits	100,000	140,820	230,000
	<u>150,563</u>	<u>164,808</u>	<u>297,279</u>
Less: Term deposits with maturity period in excess of ninety days	(100,000)	(85,215)	(230,000)
Less: Interest receivable	<u>(2,092)</u>	<u>(1,973)</u>	<u>(716)</u>
	48,471	77,619	66,563

#### 5. Investment in Joint Venture

The company made an investment in a joint venture arrangement during the quarter ended September 30, 2016.

An additional investment in another joint venture arrangement was made during the quarter ended March 31, 2017.