

Dividend

Today, the Board of Directors approved a dividend of 3.72 cents per share payable on September 14 to ordinary shareholders on record as of August 31.

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

Sincerely,

A handwritten signature in dark ink, appearing to be 'P.B. Scott', written in a cursive style.

P.B. Scott
Chairman

A handwritten signature in dark ink, appearing to be 'Nicholas A. Scott', written in a cursive style.

Nicholas A. Scott
Managing Director

EPPLEY LIMITED

SECOND QUARTER 2018

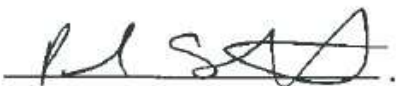
Eppley Limited
Statement of Comprehensive Income
(Jamaican dollars in thousands)

	Unaudited 6 months ended Jun. 2018	Unaudited 6 months ended Jun. 2017	Unaudited 3 months ended Jun. 2018	Unaudited 3 months ended Jun. 2017	Audited 12 months ended Dec. 2017
Net Investment Income					
Interest Income	149,803	124,229	76,092	61,689	261,407
Interest expense	(82,993)	(73,889)	(37,888)	(37,028)	(158,394)
Net interest income	66,810	50,341	38,204	24,661	103,013
Other operating income	34,216	22,766	18,841	12,680	36,892
Administrative expenses	(59,273)	(42,637)	(34,963)	(22,343)	(87,895)
Share of net profit from joint venture accounted for using the equity method	2,868	74	1,858	(393)	16,131
Profit before Taxation	44,621	30,544	23,941	14,605	68,141
Taxation	-	-	-	-	1,082
Net Profit being Total Comprehensive Income for the Year	44,621	30,544	23,941	14,605	69,223
EARNINGS PER SHARE (3)	\$0.23	\$0.16	\$0.12	\$0.08	\$0.36

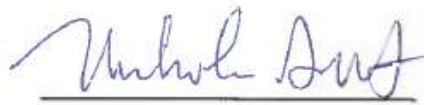
Eppley Limited
Statement of Financial Position
(Jamaican dollars in thousands)

	Unaudited Jun. 2018	Unaudited Jun. 2017	Audited Dec. 2017
ASSETS			
Cash and deposits	341,917	636,772	315,300
Taxation recoverable	9,441	6,764	8,967
Other receivable	106,193	65,304	72,193
IPF receivables	484,180	366,559	324,076
Loans receivables	1,043,505	899,591	1,142,384
Lease receivable	506,767	342,328	382,318
Investment securities	325,172	28,846	80,344
Investment in joint venture	112,594	93,656	109,725
Property, plant and equipment	15,581	13,570	10,485
	2,945,350	2,453,391	2,445,792
LIABILITIES			
Due to related parties	1,653	1,653	1,653
Taxation payable	-	1,082	-
Deferred taxation	146	146	146
Borrowings	2,102,927	1,710,234	1,692,727
Other liabilities	129,603	56,301	42,932
	2,234,329	1,769,415	1,737,458
SHAREHOLDERS' EQUITY			
Share capital	492,343	492,343	492,343
Retained earnings	218,678	191,631	215,991
	711,021	683,976	708,334
	2,945,350	2,453,391	2,445,792

Approved by the Board of Directors on August 14, 2018 and signed on its behalf by:



Paul. B. Scott
Chairman



Nicholas A. Scott
Managing Director

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

	Share Capital	Retained Earnings	Total
Balance as at 1 January 2017	492,343	218,289	710,632
Net Profit for the period	-	30,544	30,544
Dividends	-	(57,202)	(57,202)
Balance as at 30 June 2017	<u>492,343</u>	<u>191,631</u>	<u>683,976</u>
Balance as at 31 December 2017	492,343	215,991	708,334
Impact of adopting new standard (IFRS 9)	-	(3,170)	(3,170)
Restated balance as at 1 January 2018	<u>492,343</u>	<u>212,821</u>	<u>705,164</u>
Net Profit for the period	-	44,621	44,621
Dividends	-	(38,763)	(38,763)
Balance as at 30 June 2018	<u>492,343</u>	<u>218,678</u>	<u>711,021</u>

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

	Unaudited 6 months ended Jun. 2018	Unaudited 6 months ended Jun. 2017	Audited 12 months ended Dec. 2017
Cash Flows from Operating Activities			
Net profit	44,621	30,544	69,223
Adjustments for items not affecting cash:			
Depreciation	3,408	3,064	6,149
Interest income	(149,803)	(124,229)	(261,373)
Interest expense	82,993	73,889	158,394
Realised gain on investment securities	-	-	(1,497)
Gain on disposal of property, plant and equipment	(3,918)	-	-
Exchange (gains)/losses on foreign balances	2,842	(1,715)	(6,225)
Share of profits from joint venture	(2,868)	(74)	(16,131)
Taxation	-	-	(1,082)
	<u>(22,725)</u>	<u>(18,521)</u>	<u>(52,542)</u>
Changes in non-cash working capital components:			
Other receivables	(31,413)	315	(6,532)
Insurance premium financing receivables	(159,516)	(61,376)	(19,125)
Loans receivable	120,585	7,482	(235,406)
Lease receivables	(122,161)	50,072	9,712
Interest received	150,715	121,021	261,144
Other liabilities	82,063	20,026	6,644
	<u>17,547</u>	<u>119,019</u>	<u>(36,105)</u>
Tax withheld at source/paid	(474)	(731)	(2,934)
Interest paid	(83,171)	(73,889)	(158,226)
Net cash provided by/(used in) operating activities	<u>(66,098)</u>	<u>44,399</u>	<u>(197,265)</u>

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

	Unaudited 6 months ended Jun. 2018	Unaudited 6 months ended Jun. 2017	Audited 12 months ended Dec. 2017
Cash Flows from Investing Activities			
Term deposits with maturity periods in excess of 90 days	-	-	(5,325)
Acquisition of Investments	(238,996)	(28,863)	(94,709)
Investment in joint venture	-	-	(12)
Proceed from sale of investments	105,325	130,000	143,705
Proceed from sale of property, plant & equipment	4,721	-	-
Additions to property, plant and equipment	(9,305)	(228)	(228)
Net cash provided by/(used) in investing activities	(138,254)	100,910	43,431
Cash Flows from Financing Activities			
Dividend paid	(38,763)	(57,202)	(71,521)
Loans received	956,343	395,313	405,827
Loans repaid	(600,310)	(19,405)	(36,377)
Net cash (used in)/provided by financing activities	317,270	318,706	297,929
Increase/(Decrease) in net cash balance	112,917	464,015	144,095
Effects of foreign exchange rates changes on cash and cash equivalents	19,937	2,270	(1,595)
Cash and cash equivalents at beginning of year	209,063	66,563	66,563
CASH AND CASH EQUIVALENTS AT END OF PERIOD	341,917	532,848	209,063

Ten Largest Shareholders

(at June 30, 2018)

Stony Hill Capital Limited	48,097,800
ATL Group Pension Fund Trustees Nominee Limited	48,052,050
Caribprop Limited	27,500,000
Coldharbour Partners Inc.	15,244,350
Perseverance Limited	14,155,350
Curmudgeon Limited	8,283,000
Michael Subratie	8,040,450
Ravers Limited	5,348,700
Caona Investments Limited	3,000,000
Justin Nam	1,351,420

Shareholdings of Directors

(at June 30, 2018)

	Direct	Connected
Melanie Subratie	-	4,287,134
Nicholas Scott	-	23,527,350
Sharon Donaldson	796,450	-
Jennifer Scott	-	14,155,350
Keith Collister	-	-
Byron Thompson	483,750	-
Maxim Rochester	956,850	-
P.B. Scott	-	28,787,134
Alexander Melville	-	-

Shareholdings of Executives

(at June 30, 2018)

	Direct	Connected
Justin Nam	1,351,420	-
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, 2017, except for the adoption of IFRS 9 'Financial Instruments'. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

IFRS 9, 'Financial instruments'

The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition.

Financial assets under, IFRS 9, are generally classified as measured at:

- **Amortised cost**

Financial assets are measured at amortised cost if they are held within the business model whose objective is to hold the assets to collect the contractual cash flows and its contractual terms will result in cash flows that are solely payments of principal and interest on specified dates.

- Fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL)
Debt instruments are measured at FVOCI if the main objective within the business model is achieved by collecting contractual cash flows and selling financial assets and the contractual terms result in cash flow payments that are solely principal and interest on specified dates

On initial recognition of an equity investment that is not held for trading, the company irrevocably elects, on an investment by investment basis, to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

Impairment of Financial Assets

IFRS 9 also introduced a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition.

The Group has adopted IFRS 9 with effect from 1 January 2018 and the impact of this adoption is \$3.170m.

3. Earnings Per Share

	Unaudited 6 months ended Jun. 2018	Unaudited 6 months ended Jun. 2017	Unaudited 3 months ended Jun. 2018	Unaudited 3 months ended Jun. 2017	Audited 12 months ended Dec. 2017
Net Profit being Total Comprehensive Income for the Year	44,621	30,544	23,941	14,605	69,223
Weighted Average Shares Outstanding	<u>192,468,300</u>	<u>192,468,300</u>	<u>192,468,300</u>	<u>192,468,300</u>	<u>192,468,300</u>
EARNINGS PER SHARE	0.23	0.16	0.12	0.08	0.36

4. Cash and Cash Equivalents

	Unaudited 6 months ended Jun. 2018	Unaudited 6 months ended Jun. 2017	Unaudited 12 months ended Dec. 2017
Cash and bank balances	341,917	484,061	92,882
Term Deposits	-	152,711	222,418
	<u>341,917</u>	<u>636,772</u>	<u>315,300</u>
Less: Term deposits with maturity period in excess of ninety days	-	(100,000)	(105,325)
Less: Interest Receivable	-	(3,924)	(912)
	<u>341,917</u>	<u>532,848</u>	<u>209,063</u>