

LOM (Holdings) Limited

Ticker: LOM - BH
Sector: Financials

Fiscal Year-End: Dec. 31, 2007
Web Site: www.lom.com

Share Price (10/31/08):	\$4.00
Stock Rating:	n/a
Risk Profile:	n/a
1-Year Price Target:	n/a
1-Year Implied ROR:	n/a

Annual Dividend:	\$0.14
Current Yield:	3.5%
Payout Ratio:	37%
Ex-Dividend Date:	11/28/08
Frequency:	Semi-Annual

Shares O/S:	6.3m
Market Cap:	\$25.3m
BSX Weight:	1.3%
Book Value:	\$3.38
Price/Book:	1.18x

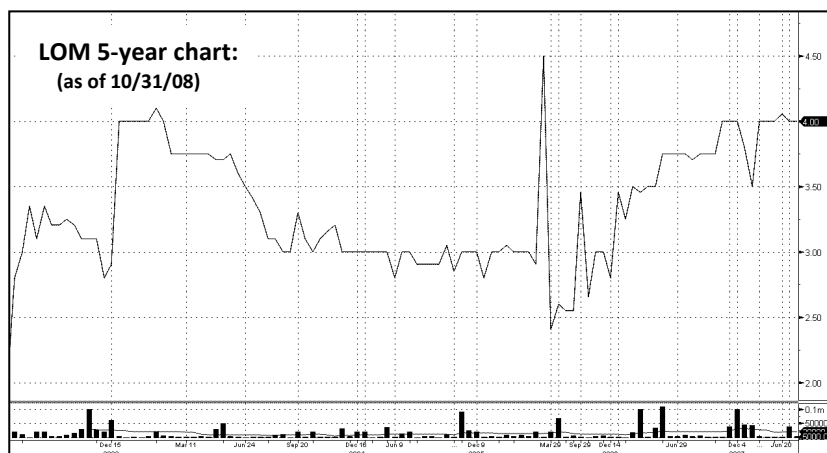
52-Week High:	\$4.05
52-Week Low:	\$3.50
Avg. Monthly Volume:	25.6k

Current P/E Ratio:	10.5x
Shareholder's Equity:	\$21.9m
Total Assets:	\$25.8m
Return on Equity:	11.8%
Return on Assets:	10.1%

Earnings Snapshot	2005	2006	2007	2008E	2009E
EPS:	\$0.11	\$0.26	\$0.38	n/a	n/a
YoY Growth:	(65.6%)	136.4%	46.2%	n/a	n/a
P/E Ratio:	27.3x	10.8x	10.5x	n/a	n/a
Fiscal YE Price:	\$3.00	\$2.80	\$4.00		

Notes:

- LOM raised its annual dividend by \$0.04 in Nov. 2007.



Company Description

LOM (Holdings) Limited (LOM) is an international financial services company which offers a complete range of investment services and products through its subsidiaries based in Bermuda, the Cayman Islands, Bahamas, and the UK. With \$976 million in assets under administration, the LOM Group provides brokerage, asset management, and corporate finance services to its primarily high net-worth individual and institutional clientele around the world. The company also owns the LOM Building on Reid Street in downtown Hamilton, home to its Bermuda headquarters, its affiliate trust company, and a variety of other tenants.

The company's segmented numbers for fiscal 2007 are as follows (in millions):

Business Segment	Revenue	% of Total
LOM Securities (Bermuda)	\$2.33	15%
LOM Securities (Cayman)	\$1.90	12%
LOM Securities (Bahamas)	\$2.74	18%
LOM Asset Management (Bermuda)	\$1.52	10%
Lines Overseas Management (Bermuda)	\$2.69	18%
LOM Properties (Bermuda)	\$1.05	7%
Other	\$3.06	20%

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2007 Results

LOM reported earnings for fiscal 2007 of \$2.48 million, or \$0.38 per share, representing a 50% increase from 2006 net income of \$1.65 million, or \$0.26 per share. Total revenues increased 29% to \$16.52 million with growth being driven primarily by higher corporate finance income, a one-time gain on the sale of securities, and higher net interest income. Higher revenue from these segments was partially offset by broking fee income, which declined 8% year-over-year. Total expenses grew 26%. LOM finished the year with a healthy return on equity of 11.3%. In 2007, LOM increased its annualized dividend to \$0.14 per share from \$0.12 per share.

Half-Year 2008 Results

LOM was not immune to the global financial crisis during the first half of 2008 and saw overall revenues decline 23%. The main causes for this were a drop of 29% in broking fee income, a 11% decline in net interest income, and an acute decline in corporate finance income. Investment services revenue increased by 38% while asset management revenue was stable. Despite a decrease in overall operating expenses of 5%, net income for the group declined to \$48,000 from \$1.28 million.

Even with the global economic turmoil, LOM finished the first half of 2008 with a very strong balance sheet that will enable the company to weather the storm. As of June 30, 2008, the company has total assets of \$24.8 million, cash of \$6.6 million, and no debt. Land and the LOM building are carried at the U.S. GAAP net book value of \$9.7 million.

Forecast and Recommendation

Due to the potential for conflicts of interest, we must refrain from making a recommendation on the shares of LOM (Holdings) Limited.