

BUSINESS

LOM goes public

First local company to float on BSX in four years

By Mairi Mallon

LOM, one of Bermuda's largest financial services companies, has announced it is to become the first business in four years to float on the Bermuda Stock Exchange.

The directors of LOM (Holdings) Ltd. made the announcement yesterday after a board meeting at the company's Hamilton headquarters.

Trading is due to start next week, on July 24, under the symbol LOM BH and is expected to initially trade at about \$4.00.

The company, which deals with the finances of high-net worth individuals, said the floatation is not a money-making exercise.

Scott Lines, co-founder and managing director of the company, said that the company would give greater share liquidity as well as allowing more information about LOM and its business into the public domain.

He said: "We feel that being public now, when the markets are so bad, and earnings are so bad, gives a good story for an investor. So for the public LOM represents a good opportunity to invest in the markets and we think that when the market rebounds, LOM's earnings will rebound and actually very strongly. "Our revenues are down with the market, but we continue to invest in our infrastructure. We will continue to invest in revenue producing

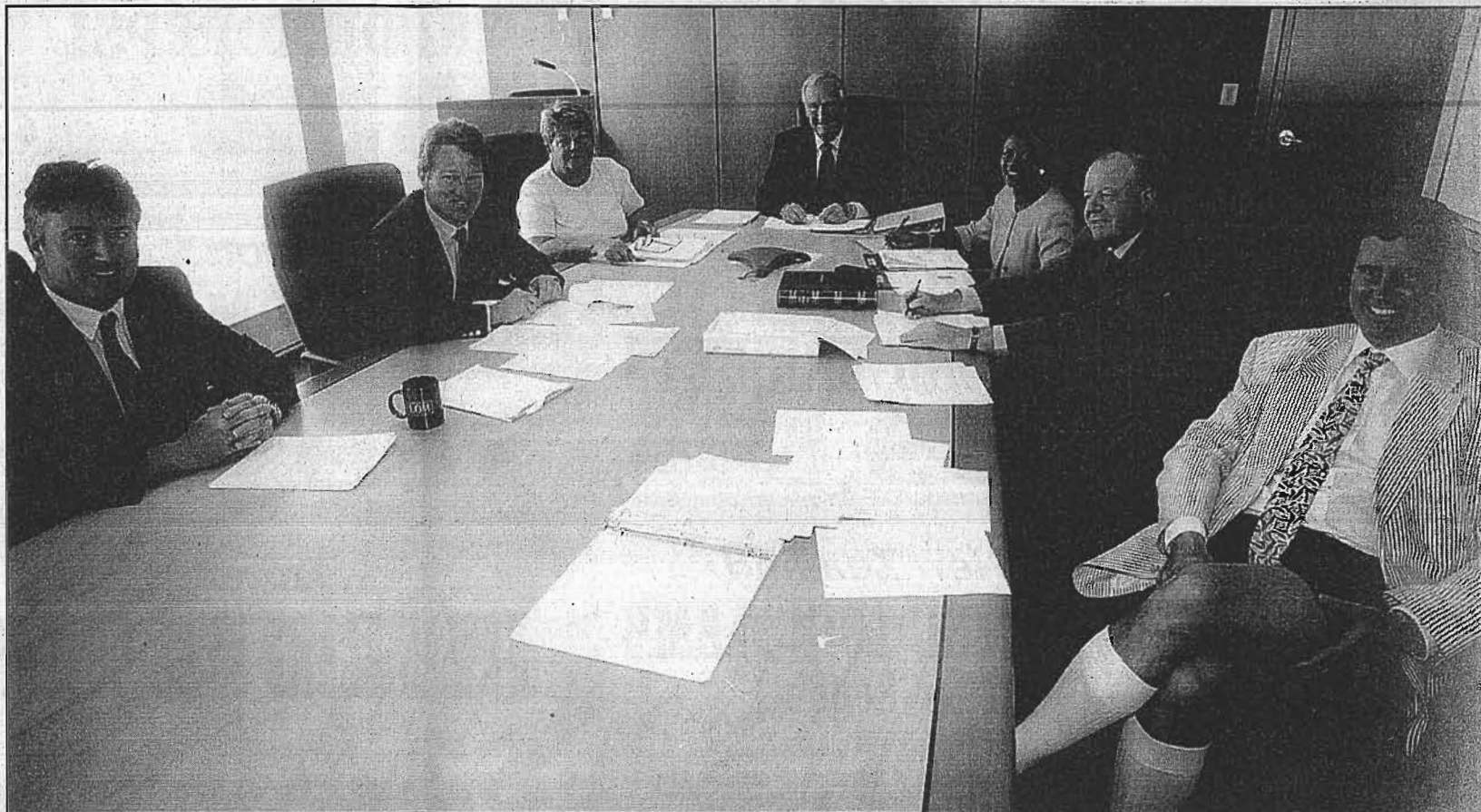


Photo by Arthur Bean

Floating the company. The board of directors at LOM yesterday after agreeing to float the company on the Bermuda Stock Exchange. It is the first time a company has gone public on the local exchange in four years. From left: Malcolm Moseley, Chief Financial Officer, Scott Lines, Director and Managing Director, Susan Wilson, Director, Donald Lines, Director and Chairman, Cilma Lamb, representative of Waterstreet Corporate Services and Secretary, Max Quin, Director and Graham Collis, Director. Not present at the meeting were board members Brian Lines, Dr Ewart Brown and Frank Penny.

staff to the organisation. And when the market rebound that revenue should rebound very strongly." LOM was set up in 1994 by brothers Scott and

Brian Lines with initial backing from their father, local businessman Donald Lines, who is now chairman.

Donald Lines said: "I am actually a very proud father also a happy investor. I think the listing is a very positive step forward. It adds a new dimension to the company in terms of responsibility a public company has to meet standard, which private companies aren't necessarily meeting, and we have always met, but the public do not know. The information about LOM is then public."

The Lines family currently own more than half of the shares in the company - which LOM said had shareholders equity of \$22 million as of December 31, 2000 and it has a debt-free balance sheet.

6,237,400 existing shares and a further 2,266,00 shares covered by existing options will be listed on the BSX.

Scott Lines said: "For me, and I think I speak for Brian as well, we have no intention of selling out the stock. In fact we have a voluntary lock on our for at least two years, and the same with dad. But for the employees of this organisation, who now own I think 12 percent of the organisation we are very pleased to go public, so they can establish a more arms-length value of our holdings and our options, which I think represent another 6 percent of the company."

Donald Lines said: "People outside LOM and customers of LOM may find it interesting to be an investor in the company as well. We are doing it at a time

when the markets are extremely slow and our earnings this year are nothing like what they were last year. And I wouldn't expect that they would be. The economy - not our economy more the international economy - and the current down turn in the markets." He added: "We are lean and mean at this point."

LOM is the holding company for the financial services firms' subsidiaries: Lines Overseas Management Limited, Lines Overseas Management (Bermuda) Ltd, Lines Overseas Management (Cayman) Limited, Lines Overseas Management (Guernsey) Limited, LOM Asset Management Limited LOM Nominees Limited and LOM Capital Limited.

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From tiny acorns...

By Mairi Mallon

When Scott and Brian Lines started LOM in 1992, they carried their second-hand office furniture down Front Street themselves because they could not afford the cost of a removals truck.

The two brothers, with a loan from their father, started up the company, taking on high net-worth individuals and managing their money.

Almost ten years on the two men manage the millions of hundreds of customers and have a brand new office block in the centre of Hamilton, offices around the world and own a company with a shareholder's equity of \$22 million, revenues of \$27.9 million and assets of \$24.9 million.

Donald Lines said: "I am astounded at their success. Actually I'll say it because I said it before - when they came to me and said they wanted to set up a brokerage business, I thought they'd lost their senses.

"But then I must have lost mine, because I lent them some money so they could do it - and they paid it all back."

Scott said: "When we started there was myself and my brother Brian and a secretary. We carried the second-hand office furniture down front street. We couldn't afford to pay for trucking.

"A year later, Malcolm Moseley, was appointed as our controller - the number six employee. Now we have almost 70 people. It feels like long days of hard work actual-

ly and for us it feels like this is a new environment, to be a public company we look forward to continuing to grow very strongly and feels like we have finished phase one and we are now ready for phase two."

According to LOM, the two brothers were at the start of the venture, intimately familiar with the local business community, as their father Donald Lines was President and CEO of the Bank of Bermuda.

They saw a niche for a service-orientated financial services firm that could offer distinct advantages to investors seeking privacy, investment flexibility and geographic diversification - and set up LOM.

It is a self-clearing investment management firm, which has grown substantially over the last 10 years - and continues with plans to expand.

Scott Lines added: "We intend in the next five years to extend the range of financial services and move into the banking arena, investment banking that is, not retail banking."

He said the company did not have plans to float elsewhere. He said: "We will spend at least the next couple of years as a Bermuda-owned company and getting the public much more familiar with us. There are no plans right now to list anywhere else, not over the next couple of years."

Directors' stake-holding

Chairman & Director Donald Lines 742,495, with options of 25,000 at exercise price of \$3.00 and expiring April 19, 2004.

Managing Director & Director Scott Lines 1,560,728 with options of 250,000 at \$2.50 expiring in April 2006 and 500,000 at \$10.00 expiring in November 2006.

President & Director Brian Lines 1,550,728 with options of 250,000 at \$2.50 expiring in April 2006 and 500,000 at \$10.00 expiring in November 2006.

Directors
Susan Wilson 244,165 with 25,000 options at \$3.00 expiring April 2004

Dr Ewart Brown options of 20,000 at \$3.00 expiring April 2004

Graham Collis options of 25,000 at \$3.00 expiring April 2004

Maxwell Quin options of

20,000 at \$3.00 expiring April 2004

Frank Penny options of 25,000 at \$3.00 expiring April 2004

Chief Financial Officer
Malcolm Moseley 102,500 with 80,000 options at \$3.00 expiring end of 2001

Chief Operating Officer
David Surmon 39,500 with 40,000 options at \$3.00 expiring at the end of 2002, and 100,000 options at \$1.85 expiring at the end of 2003.

(All directors receive a fee of \$5,000 per annum plus \$1,000 for every meeting attended during the fiscal year. For services to the company Brian and Scott Lines get \$50,000 per annum and are remunerated as employees of Lines Overseas Management (Bermuda) as a percentage of the commission they generate)

Principal shareholder's of LOM

Bermuda Management Holdings 493,340
Wilson & Co 473,330
Rupert Investment Holdings Ltd. 1,480,000
Monashee Ltd. 1,465,000
Others** 343,180
LOM Nominees Ltd. (Non-Bermudian)*** 508,656
LOM Nominees Ltd. (Bermudian)*** 302,000
Current and Former Staff Member Holdings** 185,234
Zena Holdings Ltd.* 488,330
Millpoint Ltd. 498,330
Total 6,237,400

* held by LOM Nominees Ltd.

** no holdings of which are greater than 5 percent

*** LOM Nominees Ltd. holds shares for various corporations, no single one of which exceeds 5 percent.

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David Surmon, Chief Operating Officer of LOM said: "As with most successful private companies, this 'going public process' marks an important corporate milestone for LCM.

"And, as most public companies will tell you, the challenge of keeping public shareholders satisfied has just begun. I would say that LOM has been built by people who are eager and able to take on this new challenge."

Scott Lines said: "LOM has reached the point in its growth when a public listing makes sense. Over the years our shareholder base has grown to include customers and staff and this listing gives them greater liquidity and an independent price reference point.

"Additionally as we continue to expand our business and are actively seeking acquisition opportunities, this listing gives us a public valuation for our company to assist us in making those acquisitions. We are very pleased and excited at the prospect of beginning our life as a public company and look forward to the continued growth of the LOM group."

LOM is one of Bermuda's largest independent financial services' firms, offering personalised service and products including full service securities brokerage, asset management, mutual funds, money market, custody and corporate finance to their retail and institutional clients.

LOM's listing also marks a milestone for the BSX as LOM's shares will be amongst the first to be admitted to their new share depository - the Bermuda Securities Depository - an electronic clearing and settlement for the BSX.

LOM joins 22 other local companies listed on the BSX and will start trading on July 24th under the symbol [LOM BH].

Further information on LOM can be found at www.lom.com