



2018 Half Year Financial Results

20th July 2018

To our Shareholders:

The first half of 2018 saw the commencement of operations for our branch in Grand Cayman with a marketing effort and launch party. The launch of the Cayman operation has gone very well, and our branch is already opening new accounts and raising new assets for the group.

Overall, LOM has continued to see inflows of new assets into its brokerage divisions and our asset management subsidiary. Asset management revenue has continued its strong growth year-on-year, with all of LOM's Asset Management funds performing very well, outperforming both their benchmarks and their peer groups. Additionally, we have seen strong growth in our brokerage revenues.

The combination of expenses related to our opening in Cayman and LOM's 25 Year anniversary has caused a one-off increase of approximately \$250,000 in our costs during the first half of the year. As well as our Cayman opening, we hosted a large party for all our present and past employees and clients in Bermuda and made a large donation to various local charities. These costs will not be repeated in the second half of the year. After ramping up staffing levels and marketing commitments, the group will focus on cost containment while the additional resources help build our revenues.

LOM almost doubled its profit to \$809,021, or \$0.14 per share, in the first half of 2018, as compared to a profit of \$432,935, or \$0.07 per share, for the same period in 2017. Despite rising concerns in the financial markets over the escalation of trade tensions and fears over global growth, we continue to remain optimistic for the balance of the year. The group is continuing to win new assets, and though we have seen an increase in costs as we have added personnel, we believe they will be able to build new assets and revenue streams to cover their additional costs.

Revenues overall rose 44% and had the following year-on-year changes:

- Management and advisory fee revenues rose 19% to \$2.33 million (35% of revenues).
- Broking fee income rose 84% to \$2.69 million (40% of revenues).
- Revenues from corporate finance activity rose five-fold to \$98,217 (1.5% of revenues).
- Foreign Exchange Income rose 11% to \$191,110 (2.8% of revenues).
- Net Interest Income rose 41% to \$683,900 (10% of revenues).
- Other Income fell 1.5% to \$515,347 (7.6% of revenues)
- Gain on securities held in inventory was \$200,799

Costs for the group rose 39.6% and had the following year-on-year changes:

- Total operating expenses, ex commission and jitney fee payments, rose 30%

- Employee compensation expenses rose 27%, predominantly from the opening of our Cayman branch.

On other financial measures:

- LOM's assets under administration were \$932 million as of 30th June 2018, as compared to \$875 million in assets at December 31st 2017.
- LOM is in a strong financial position with net equity of \$18.2 million.
- LOM holds cash and equivalents of \$4.6 million, representing 25% of net equity.

In order to finance the purchase of the building that houses our office in Nassau, and yet maintain a comfortable amount of liquidity, the Company took out a mortgage loan in January from a bank in Nassau. We expect to repay this debt in the next several years.

The Board has given approval for LOM to continue to buy back shares for cancellation for a total not to exceed 200,000 shares. Over the first half of 2018, the Company purchased for cancellation 57,600 shares at an average price of \$2.53. As at the end of June 2018 the Company had 5,887,278 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$2.60, and our current market capitalization is \$15.3 million. As of June 30, 2018, LOM's book value was \$3.09 per share.

A handwritten signature in blue ink, appearing to read 'S. Lines'.

Scott Lines, CEO