

2019 Half Year Financial Results

25th July 2019

To our Shareholders:

Though our first half profits were up year-on-year, our growth has slowed. Our expansion in Cayman and the UK, along with a decline on our highly volatile brokerage revenues, created a drag on profitability. A positive for the group was that asset management revenues continued to rise along with an increase in assets under management.

LOM has focused on hiring new financial advisors in order to enable us to broaden our reach to new customers. Led by the efforts by our human resources department in Bristol, England we have recruited three new advisors, two of which will be joining our Bermuda office and one in our Cayman office. Though we spend considerable time and efforts in vetting our new advisors, we cannot always be sure of their success and timing in on-boarding new assets. As a result, their costs will add to a drag on our earnings going forward over the next year.

For the first half of 2019, LOM's group profit rose 16% year on year to \$944,235 or \$0.16 per share, as compared to a profit of \$809,021, or \$0.14 per share, for the same period in 2018. As noted above our performance has been constrained by the decline in our brokerage revenues due to volatile markets in the first half of the year. Global trade tensions and concerns about economic growth caused clients to become more cautious in their trading activities over the period. Looking out over the rest of the year, though we expect to see the interest rate cuts in the US to be supportive of financial markets, we need to see a de-escalation of trade tensions in order for markets to make substantial gains. Therefore, we remain cautious on the outlook for our brokerage revenues over the remainder of the year.

Overall revenues fell 3.2% and had the following year-on-year changes:

- Management and advisory fee revenues rose 10% to \$2.57 million (39% of revenues).
- Broking fee income fell 29% to \$1.91 million (29% of revenues).
- Revenues from corporate finance activity were \$76,924 (1.2% of revenues).
- Foreign Exchange Income rose 16% to \$221,187 (3.4% of revenues).
- Net Interest Income rose 12% to \$804,510 (14% of revenues).
- Gain on securities held in inventory was \$350,951

Costs for the group fell 5.9% and had the following year-on-year changes:

- Total operating expenses, ex commission and jitney fee payments, fell 4%
- Employee compensation expenses were unchanged.

On other financial measures:

- LOM's assets under administration were \$1.103 billion as of 30th June 2019 as compared to \$957 million in assets at December 31st 2018.
- LOM has net equity of \$20.8 million as of 30th June 2019.
- LOM holds cash and equivalents of \$5.7 million, representing 27% of net equity.

As noted in my shareholder letter last year, LOM took out a mortgage to partially facilitate the purchase of our office building in Nassau. During the first half of the year we partially paid down that mortgage and our loan on the Nassau building now stands at \$372,500 as of the 30th June 2019. We will continue to monitor our business over the remainder of the year and, if prudent, pay the loan off.

The Board has given approval for LOM to continue to buy back shares for cancellation for a total not to exceed 500,000 shares. Over the first half of 2019, the Company purchased for cancellation 136,250 shares at an average price of \$2.77. As at the end of June 2019 the Company had 5,751,028 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$2.77, and our current market capitalization is \$15.9 million. As of June 30, 2019 LOM's book value was \$3.61 per share.



Scott Lines, CEO