



2016 Half Year Financial Results

5th August 2016

To our Shareholders:

LOM has continued to see a transition of its business toward a more stable revenue base. The asset management revenue grew strongly in the first half, however we continued to see steep declines in our transactional brokerage revenues. All of LOM's asset management products continued to perform very well with the launch of a new Emerging Markets fund in January, at a point in time which has, so far, turned out to be the bottom of those markets. Since launch the LOM Emerging Markets Fund has returned a net annualized return of 20% to its investors.

The most difficult part of our business remains the securities broking business. Revenues from this business line are highly volatile and are impacted on a regular basis by recurring bouts of uncertainty and the loss of confidence that surround perceived and real global events. The confusion engendered by the Brexit referendum run-up and vote impacted our revenues in this area. We expect that a similar situation could impact us during the second half of the year around the US Presidential election.

LOM made a profit of \$51,534 in the first half of 2016 as compared to a loss of \$225,747 for the same period in 2015. Overall we are conservatively optimistic for the remainder of the year; we are continuing to win new assets and business has been showing signs of greater activity than normal over the summer, and we are reasonably confident that we will see a profit for the full year.

Revenues overall rose 5.3% and had the following year-on-year changes:

- Management and advisory fee revenues rose 17.7% to \$1.53 million (44% of revenues).
- Broking fee income fell 29% to \$792,567 (23% of revenues).
- Fees from corporate finance work fell 52% to \$18,000 (0.5% of revenues).
- Foreign Exchange rose 43% to \$164,156 (4.7% of revenues).
- Other interest revenue rose 97.5% to \$476,625 (13.7% of revenues).
- Gain on securities held in inventory was \$8,158

Costs for the group had the following year-on-year changes:

- Total operating costs, ex commission payments, fell 0.8%
- Total operating costs fell 2.9%.
- Employee compensation expenses rose 7.3%.

On other financial measures:

- LOM's assets under administration were \$665 million as of 30th June 2016 as compared to \$635 million in assets at December 31st 2015.
- LOM is in a strong financial position with net equity of \$16.6 million and no debt.
- LOM holds cash and equivalents of \$4.04 million, representing 24% of net equity.

The Board of Directors of LOM has decided not to pay a dividend given the modest net result, however given the discount the share price trade to book value, the Board has decided to continue the share buyback.

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 2016, the Company purchased for cancellation 24,372 shares at an average price of \$2.30. As at 30th June 2016 the Company had 5,996,875 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$2.40 and our current market capitalization is \$14.39 million. As of 30th June 2016 LOM's book value was \$2.76 per share.



Scott Lines, CEO