



September 14, 2016

**Somers Limited**  
**(“Somers”, the “Company” or the “Group”)**

**Financial Results for the nine months ended June 30, 2016**

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and nine months ended June 30, 2016.

Overview of the quarter ended June 30, 2016:

- Diluted net asset value (“NAV”) per share of \$16.71 as at June 30, 2016 (March 31, 2016: \$17.03), down 1.9% principally due to Sterling’s 7.3% depreciation against the US Dollar following Brexit;
- Shareholders’ equity of \$199.9 million as at June 30, 2016 (March 31, 2015: \$203.8 million); and
- Breakeven for the quarter (June 30, 2015: net income of \$8.6 million).

Investment highlights for the nine months ended June 30, 2016:

- Waverton Investment Management Limited (“Waverton”) records pre-tax income of £5.5 million (2015: £6.3 million);
- Waverton Assets under Management (“AuM”) at June 30, 2016 of £4.6 billion (September 30, 2015: £4.3 billion);
- Ascot Lloyd Holdings Limited (“Ascot Lloyd”) recurring revenues increase to £14 million on an annualised basis;
- Bermuda Commercial Bank Limited (“BCB”) maintains a high capital ratio of 19.5% and a highly liquid balance sheet with 36% in cash and high quality liquid assets;
- BCB total revenue of \$17.6 million (2015: \$24.2 million);
- Private & Commercial Finance Group plc (“PCFG”) reports record profit and a 12% increase in business originations for fiscal March 2016 to £63 million from £56 million last year; and
- PCFG lodge a formal application for a banking licence with the UK regulators.



Commenting on the financial results, Warren McLeland, Chairman of Somers said:

“Excluding the impact of currencies, Somers recorded an operating profit both on a quarterly and year to date basis following modest gains on the investment portfolio. Sterling’s decline against the Dollar has been the main driver of the year to date loss of \$1.7 million. The Brexit foreign exchange losses resulted in a decline in the Somers’ NAV to \$16.71 from \$17.03 at March 31, 2016. Subsequent to the quarter-end we have seen a rebound in our UK assets resulting in our July 31 NAV increasing to \$17.76.

A number of our larger investments, in particular Waverton, PCFG and Ascot Lloyd, are denominated in Sterling and during the nine month period ended June 30, 2016 Sterling declined by 12.0% versus the Dollar. The direct impact of currencies was a 5% reduction to our NAV over the period. As of today, the UK economy appears to have weathered the initial shock of the Brexit referendum vote and, stimulated by a rate cut and additional measures by the Bank of England including government bond purchases, the FTSE 100 is currently trading higher than before the referendum. These measures have had a positive impact on the value of our UK investments and valuation increases post the quarter end have offset the negative currency movements.

Transactional activity in the June quarter was modest as the Company’s capital remains fully invested. In May we invested £1.0 million to acquire a minority interest in MJ Hudson, a UK based specialist law firm and asset management services provider. It is anticipated that there will be revenue synergies in both directions between MJ Hudson and Somers’ other investee companies. We invested an additional £1.0 million in Ascot Lloyd at the end of June via a convertible loan note representing the first drawdown of a new £2.5 million loan and convertible loan note facility provided to Ascot Lloyd.

We continue to carry a low level of debt on our balance sheet and we expect to maintain this position at least in the short term. All new borrowing for investment purposes are currency matched with the related investment to minimise currency exposures. As capital grows and our profitable investments return cash, we will look to use these funds to diversify our portfolio.”

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## Summary of Somers' results for the nine months ended June 30, 2016

### Introduction

During the third quarter, investment gains on Somers' portfolio were offset by realised losses caused by Sterling's decline against the US Dollar. Somers broke even in the quarter and maintained the nine month year to date net loss at \$1.7 million. This compares with net income of \$1.2 million for the nine months ended June 30, 2015. Third quarterly earnings per share were \$0.01 (2015: \$0.75) and the year to date loss per share was \$0.14 (2015: earnings per share of \$0.10). Additional unrealised Sterling exchange rate losses resulted in a reduction in the Company's diluted net asset value per share to \$16.71 from \$17.03 at March 31, 2016 (September 30, 2015: \$17.74). The fall in Sterling was almost entirely driven by the UK's decision to exit the European Union.

The Company received dividend income of \$2.5 million during the nine month period compared to \$2.6 million a year ago. Additionally, there was a \$0.6 million gain on the Company's investment portfolio (2015: \$1.0 million). Investment gains and losses result from changes in the valuations of the Company's investments. During the period valuation increases at Waverton and Ascot Lloyd outstripped a reduction in the carrying valuation of BCB. BCB's valuation includes its subsidiary, PCFG, and an increase in PCFG's share price post the June quarter end should have a positive impact on BCB's overall valuation.

Net foreign exchange losses were \$3.8 million for the period with a further \$6.8 million of exchange losses on Somers' investment in its foreign operations. 45% of Somers' balance sheet is denominated in foreign currencies, primarily Sterling, and over the course of the nine month period Sterling has declined by 12.0% versus the Dollar. These losses were primarily unrealised.

Somers' balance sheet remains stable with total assets at June 30, 2016 of \$217.3 million (September 2015: \$216.0 million). The investment portfolio was \$207.6 million as at June 30, 2016 (September 2015: \$209.9 million) with equity investments (\$185.1 million) accounting for 89.2% of this total. The remaining 10.8% (\$22.5 million) consisted of convertible loan note investments. Within investments, BCB at \$94.3 million and Waverton at \$50.9 million together represent 69.9% of total investments with West Hamilton accounting for an additional 12.4%. It is anticipated that this heavy concentration will continue to reduce as new capital flows, an increased but limited level of leverage and net positive cash flows from existing investments allow for new investment opportunities.

### Borrowings

Borrowings increased to \$16.4 million at June 30, 2016 from \$6.0 million at September 30, 2015. Somers has entered into new loan and overdraft facilities during the period and used the proceeds primarily for investment purposes.

### Shareholders' Equity

Shareholders' equity ended the period at \$199.9 million down from \$209.2 million at September 30, 2015. \$2.6 million of the \$2.8 million dividends paid since September 2015 were reinvested, under the dividend reinvestment plan, through the issuance of 183,083 shares, resulting in an increase in the number of issued shares to 11,962,345 as at June 30, 2016. Somers' share price ended the period at \$13.75 up from \$13.00 at September 30, 2015.

### Directors and Officers Interest in Somers' Share Capital

At June 30, 2016 the Directors and Officers of the Company and their related interests had combined interests totalling 4,890,763 common shares out of 11,962,345 common shares in issue on that date.



**ENDS-**

Somers Limited is a listed financial services investment holding company. Its major assets include a 100% owned subsidiary, Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks and a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £4.6 billion assets under management. The Group's other investments include a 46% economic interest in Ascot Lloyd Holdings Limited; a UK independent financial adviser, a 23% interest in Merrion Capital Holdings Limited; an Irish financial services group, a 100% stake in Stockdale Securities Limited; a corporate and institutional stockbroking group, and a 57% interest in West Hamilton Holdings Limited; a Bermuda property company. Somers has shareholders' equity of \$200 million and a low level of debt. Somers' shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH). More details on the Company can be found at [www.somers.bm](http://www.somers.bm).

# SOMERS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars)

<b>Assets</b>	<b>JUN 30, 2016</b>	<b>SEP 30, 2015*</b>
Cash and cash equivalents	\$ 124,285	\$ 1,108,676
Other assets	67,083	34,682
Interest receivable	274,785	520,134
Loans and receivables	9,199,207	4,461,285
Financial investments	207,622,507	209,864,255
<b>Total assets</b>	<b>217,287,867</b>	<b>215,989,032</b>
<b>Liabilities</b>		
Interest payable	7,974	-
Other liabilities	892,304	813,958
Interest bearing loans and borrowings	16,443,101	6,000,000
<b>Total liabilities</b>	<b>17,343,379</b>	<b>6,813,958</b>
<b>Net assets</b>	<b>\$ 199,944,488</b>	<b>\$ 209,175,074</b>
<b>Equity</b>		
Capital stock	\$ 1,198	\$ 1,179
Contributed surplus	165,238,106	162,674,966
Treasury shares	(176,059)	-
Accumulated other comprehensive loss	(10,938,763)	(3,838,932)
Retained earnings	45,820,006	50,337,861
<b>Total equity</b>	<b>\$ 199,944,488</b>	<b>\$ 209,175,074</b>

\*Audited

# SOMERS LIMITED

## CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars)

Income	For the three months ended		For the nine months ended	
	JUN 30, 2016	JUN 30, 2015	JUN 30, 2016	JUN 30, 2015
Interest income	\$ 238,966	\$ 307,639	\$ 764,455	\$ 913,504
Interest expense	(196,720)	(45,977)	(417,918)	(91,154)
Net interest income	42,246	261,662	346,537	822,350
Dividend income	-	993,712	2,500,000	2,593,712
Gains on investments	2,727,728	6,352,047	562,967	999,261
Net foreign exchange (losses) gains	(2,376,279)	1,533,060	(3,824,008)	(1,827,171)
Total income	393,695	9,140,481	(414,504)	2,588,152
<b>Expenses</b>				
Investment management fees	141,850	126,282	403,145	378,318
Legal and professional fees	75,513	132,581	334,306	426,563
Audit and accounting fees	69,949	125,997	209,101	287,936
Directors' fees	16,250	19,250	48,750	51,083
General and administrative expenses	77,876	104,532	274,504	283,113
Total expenses	381,438	508,642	1,269,806	1,427,013
Income (loss) before tax	12,257	8,631,839	(1,684,310)	1,161,139
Income tax expense	(2,373)	(6,165)	(2,373)	(6,165)
Net income (loss)	\$ 9,884	\$ 8,625,674	\$ (1,686,683)	\$ 1,154,974

**SOMERS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(expressed in United States dollars)

Income	For the three months ended		For the nine months ended	
	JUN 30, 2016	JUN 30, 2015	JUN 30, 2016	JUN 30, 2015
Net income (loss) for the period	\$ 9,884	\$ 8,625,674	\$ (1,686,683)	\$ 1,154,974
Other comprehensive (loss) income:				
Exchange differences on translation of foreign operations	(3,985,050)	3,648,007	(6,764,891)	(1,812,037)
Net gain (loss) on financial investments	156,235	634,970	(334,940)	529,571
Other comprehensive (loss) income	(3,828,815)	4,282,977	(7,099,831)	(1,282,466)
Total comprehensive (loss) income	\$ (3,818,931)	\$ 12,908,651	\$ (8,786,514)	\$ (127,492)