



June 17, 2015

Somers Limited
("Somers", the "Company" or the "Group")

Financial Results for the six months ended March 31, 2015

For Immediate Release - (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and six months ended March 31, 2015.¹

Overview of the six months ended March 31, 2015:

- Diluted net asset value ("NAV") per share of \$17.56 as at March 31, 2015 (September 30, 2014: \$18.96);
- The share price of Somers' shares was \$14.00 up from \$13.75 at September 30, 2014. This represents a 20.3% discount to the unaudited March NAV;
- Consolidated net loss of \$7.5 million for the period (March 31, 2014: net income of \$13.5 million);
- Diluted loss per share of \$0.65 compared to diluted earnings of \$1.23 a year ago;
- Shareholders' equity decreased by 4.7% to \$205.0 million as at March 31, 2015 (September 30, 2014: \$215.1 million);
- March NAV impacted by Sterling's 8.4% depreciation against the Dollar; and
- Interim dividend of \$0.18 a share (2014: \$0.15 a share).

Investment Highlights for the six months ended March 31, 2015:

- Bermuda Commercial Bank Limited ("BCB") reported net income of \$2.1 million;
- BCB capital ratio of 20.4%;
- BCB maintains high liquidity with 42% of its balance sheet in cash and cash equivalents;
- Waverton Investment Management Limited ("Waverton") reported pre-tax income of £4.8 million;
- Waverton reported Assets under Management ("AuM") as at March 31, 2015 of £4.6 billion; and
- Private & Commercial Finance Group plc ("PCFG") reported profit before tax up 69% to £2.1 million.

¹The Company's March 2014 results have been restated in accordance with new accounting guidance *Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)* and all references in this announcement to prior year figures use the restated comparatives.



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

“Somers’ six month results have been impacted by both valuation losses and negative currency movements and this has resulted in a decrease in Somers’ NAV to \$17.56 per share from \$18.96 as reported at September 30, 2014.

The investment valuation losses recorded this period resulted from a reduction in the carrying value of BCB and Waverton which together represents 82% of our investment portfolio. Over the course of the last twelve months BCB has focused on and invested in its operating infrastructure to meet the changing demands within the industry. These efforts have been concentrated around governance and compliance, organisational structure, people development and technology and this year the Bank is additionally focusing its business towards becoming more customer-centric and improving its client proposition. By strengthening these building blocks, the Bank is positioning itself to compete for future growth. The value of our investment in Waverton was reduced following the transfer of one of the Waverton funds. While disappointing, we see this as an isolated event.

The second component of the period’s NAV decline was adverse currency movements since September 30, 2014. Many of our larger investments, in particular Waverton and PCFG are denominated in Sterling and during the six month period ended March 31, 2015 Sterling declined by 8.4% versus the Dollar. These currency fluctuations serve to demonstrate the short-term volatility that may be encountered by the Company.

The Company’s capital remains fully invested and we remain comfortable with our current portfolio composition. As capital grows and our profitable investments return cash, we will look to use these funds to diversify our portfolio.”

Media Contacts:

Alasdair Younie
Director
Somers Limited
Tel: 441-299-2897
Email: ay@icm.bm

Summary of Somers’ results for the six months ended March 31, 2015

Introduction

During the year ended September 30, 2014, Somers adopted amendments to accounting standard, IFRS 10. The Company’s March 2014 results have been restated in compliance with the new accounting guidance and all references in this announcement to prior year figures use the restated comparatives.

For the six months ended March 31, 2015, the Company recorded a net loss of \$7.5 million compared with a restated net income of \$13.5 million a year ago. The year to date loss per share was \$0.65 (March 31, 2014: earnings per share of \$1.23). Additionally, there were unrealised currency losses of \$5.5 million as Sterling declined against the US Dollar. The result was a reduction in the Company’s diluted net asset value per share to \$17.56 from \$18.96 at September 30, 2014.

The Company received distributions of \$1.6 million during the period from BCB compared to \$2.6 million a year ago.



Somers recorded a loss on its investments of \$5.4 million for the period. These valuation losses resulted primarily from a reduction in the carrying value of BCB and Waverton following an unrealised decline in the fair value of BCB's investments and a reduction in the Bank's interest income, and a reduction in assets under management at Waverton. Westhouse's valuation also decreased during the period following weak trading performance while the value of our investments in PCFG increased following growth in their profit levels. An analysis of Somers' core investments is set out below.

Net foreign exchange losses were \$3.4 million for the period with a further \$5.5 million of exchange losses on Somers' investment in its foreign operations. 44% of Somers' balance sheet is denominated in foreign currencies, primarily Sterling, and during the six month period ended March 31, 2015 Sterling declined by 8.4% versus the Dollar.

During the six month period, 240,746 warrants were exercised and 161,743 dividends were reinvested. The net result from these actions was a \$5.7 million addition to shareholders' equity. Despite these capital additions, shareholders' equity finished the period at \$205.0 million down from \$215.1 million at September 30, 2014 on account of the currency and the reduction in carrying value of the Company's investments.

Interim Dividend

The Company's Board has resolved to pay an interim dividend payment of \$0.18 a share. The record date for the dividend will be June 26, 2015 and the payment date will be July 13, 2015.

REVIEW OF INVESTMENTS

Bermuda Commercial Bank Limited ("BCB" or the "Bank")

The Bank recorded a profit of \$1.10 million for the quarter ended March 31, 2015 (2014: \$3.61 million). Total revenues for the period were \$7.80 million (2014: \$9.47 million). Net profit for the six months ended March 31, 2015 was \$2.11 million (2014: \$7.90 million).

Net interest income for the first six months was \$6.08 million (2014: \$10.08 million) and net non-interest income for the same period amounted to \$7.78 million (2014: \$9.09 million). Gains from the sale of financial investments were \$7.3 million for the six months (2014: \$9.7 million). Whilst the core earnings of the Bank largely remained stable during the period, the decline in the net realised gains in the securities portfolio had a negative impact on the net earnings of the Bank.

Total assets were \$597.75 million at March 31, 2015 compared to \$592.57 million at September 30, 2014. Total customer deposit balances increased to \$486.52 million from \$471.28 million at September 30, 2014.

The Bank's capital position decreased to \$105.05 million at March 31, 2015 from \$113.43 million at September 30, 2014 with this change primarily resulting from unrealised mark to market movements on the Bank's financial investments portfolio. The Bank's regulatory capital ratio at March 31, 2015 was 20.40% which is over and above the regulatory minimum ratios.

The Bank has maintained its strong liquidity position with 42% of its balance sheet in cash and cash equivalents. This liquid, well capitalised balance sheet along with investments in the Bank's processes, infrastructure and people is hopefully providing a solid base for the Bank's long-term future.

Somers' investment in 100% of BCB's equity was valued at \$111.1 million as at March 31, 2015 (September 30, 2014: \$113.8 million).



Waverton Investment Management Limited ("Waverton")

Waverton's Assets under Management ("AuM") were £4.6 billion as at March 31, 2015 (September 30, 2014: £5.2 billion). In the first half of the year, Waverton's AuM were impacted by the loss of its European Fund which moved with its fund manager to a specialist fund management business. This was partially offset by the continued strong performance in the global equity markets, particularly in Europe and for the three months ended March 31, 2015, Waverton earned revenue of £8.2 million, EBITDA of £2.2 million and recorded profit before tax of £1.6 million.

Somers values its investment in Waverton on a peer comparison basis using an EV/EBITDA valuation methodology. EBITDA for the rest of the year is unlikely to be negatively impacted by the loss of its European Fund, however, in subsequent years the loss of income is expected to impact Waverton's EBITDA. In light of the decrease in AuM and despite the continued strong EBITDA performance in the second quarter of the year Somers has reduced the value of its investment in Waverton to £42.8 million from £46.3 million at December 31, 2014.

At March 31, 2015 Waverton represented 30% of Somers' investment portfolio and its performance continues to have a material impact on Somers' overall performance. Global equity markets continue to remain strong but we anticipate that there will be increased volatility as the potential tightening of US interest rates approaches and this may have an impact on Waverton's earnings. There remain significant opportunities for Waverton to grow in a number of its product areas which will hopefully offset any equity market downside.

Private & Commercial Finance Group plc ("PCFG")

Following the March 2015 period-end, PCFG announced strong results for the year ended March 31, 2015. Profit before tax was up 69% to £2.1 million (2014: £1.3 million) placing PCFG ahead of their targeted 2.0% return on average assets at 2.2% while their total portfolio grew by 13% to £100 million. Portfolio growth and quality and profitability all outperformed management objectives during the period. New business originations for the year were up by 10% to £56.0 million (2014: £50.8 million) and the loan loss provisioning charge has continued to reduce. PCFG has also negotiated increased bank facilities and currently has £33 million of committed facility headroom, which is sufficient for current year growth plans. This headroom includes the recent award of a £10 million facility from the British Business Bank, the commercial division of the UK Government's economic development bank.

PCFG continues to focus on its application for a deposit taking license in the UK and they have presented their business plan to the relevant authorities.

Somers' equity investment in PCFG is marked to market and as at March 31, 2015 was valued at £2.0 million. Somers' investment in PCFG convertible loan notes was valued at £9.0 million as at March 31, 2015.

Ascot Lloyd Holdings Limited ("Ascot Lloyd")

Ascot Lloyd is an independent financial adviser, regulated by the Financial Conduct Authority with a number of offices across the UK. Ascot Lloyd provides a financial planning service for personal and corporate clients incorporating the use of protection products, investment products, pension planning and tax planning.

Somers is interested in 6% convertible loan notes and upon conversion of the convertible loan notes, Somers would be interested in approximately 32.5% of Ascot Lloyd's diluted issued share capital. In addition, Somers has made a loan to Ascot Lloyd of £1.2 million of which £0.95 million is drawn down as at March 31, 2015. Somers' investment in Ascot Lloyd as at March 31, 2015 is valued at £3.52 million (September 30, 2014: £3.20 million),

Ascot Lloyd continues to integrate the assets it acquired from IFG plc in September 2014. The integration has taken longer than first anticipated but we believe that there is significant value to be derived from the acquisition and that this value will



start to be realised during the course of the rest of the year. In addition the company continues to evaluate a number of consolidation opportunities which will have synergistic benefits and enable the company to increase the assets on its platform.

Westhouse Holdings plc (“Westhouse”)

Somers is interested in 84.6% of the issued share capital of Westhouse, a London based corporate and institutional stockbroking firm. Westhouse’s trading performance continues to show improvement and post the quarter end they completed a £21 million fund raising for one of their corporate clients. In addition, there are a number of potential other corporate transactions in the pipeline which will have a positive impact on the company’s financial results.

For the quarter ended March 31, 2015, Westhouse reported revenue of £1.8 million and a loss before tax of £1.0 million. As at March 31, 2015, shareholders’ funds in the regulated entity amounted to £2.4 million. Somers investment in Westhouse as at March 31, 2015 is valued at £1.9 million.

Merrion Capital Holdings Limited (“Merrion”)

Merrion was established in 1999 as an independent financial services firm providing stockbroking, corporate finance advisory and fund management services to a mainly domestic Irish client base.

As at March 31, 2015 Merrion Investment Management had approximately €857 million assets under management and Merrion’s private client business manages approximately €726 million of private client funds across 3,400 accounts, mainly on an advisory and execution only basis.

Somers invested in Merrion in July 2014 and since then Merrion has performed in accordance with our expectations including being ahead of its own budgeted forecasts for the year to date. We believe that the interaction between Merrion and some of Somers’ other investments will prove positive and lead to a number of other opportunities for Merrion and these other investments.

Other Investments

Post the quarter end, West Hamilton Holdings Limited commenced its residential development, comprising 9 apartments. It is anticipated that this development will take approximately 16 months to complete. There has been significant interest in the development and we anticipate that it will prove to be a profitable venture for the company.

-ENDS-

Somers Limited is a listed financial services investment holding company whose major assets include its 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 over £4.6 billion assets under management. The Group’s other investments include an approximate 68% economic interest in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company, an 84.6% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group, a 30% economic interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser and a 21% economic interest in Merrion Capital Holdings Limited, an Irish financial services group. Somers has shareholders’ equity of \$205 million. Somers’ shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH) and more details on the Company can be found at www.somers.bm.

SOMERS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars - unaudited)

Assets	MAR 31, 2015	SEP 30, 2014*
Cash and cash equivalents	\$ 604,158	\$ 216,418
Other assets	28,898	205,165
Interest receivable	342,698	86,003
Loans and receivables	1,410,275	4,787,759
Financial investments	207,457,047	218,284,392
Total assets	209,843,076	223,579,737
Liabilities		
Interest payable	-	25,890
Other liabilities	4,861,037	4,943,241
Interest bearing loans and borrowings	-	3,500,000
Total liabilities	4,861,037	8,469,131
Net assets	\$ 204,982,039	\$ 215,110,606
Equity		
Capital stock	\$ 1,170	\$ 1,130
Contributed surplus	161,402,260	155,685,600
Treasury shares	(414,241)	(143,580)
Accumulated other comprehensive income	(5,107,652)	457,791
Retained earnings	49,100,502	59,109,665
Total equity	\$ 204,982,039	\$ 215,110,606

*Audited

SOMERS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars - unaudited)

Income	For the three months ended		For the six months ended	
	MAR 31, 2015	Restated MAR 31, 2014	MAR 31, 2015	Restated MAR 31, 2014
Interest income	\$ 436,907	\$ 715,197	\$ 605,865	\$ 1,310,021
Interest expense	(652)	(872,588)	(45,177)	(1,048,682)
Net interest income (loss)	436,255	(157,391)	560,688	261,339
Dividend income	-	65,216	1,600,000	2,565,216
(Losses) gains on investments	(6,751,508)	5,969,497	(5,352,786)	11,843,075
Other income	-	-	-	-
Net exchange (losses) gains	(1,902,113)	(13,592)	(3,360,231)	771,664
Impairment losses on financial investments	-	-	-	-
Total (loss) income	(8,217,366)	5,863,730	(6,552,329)	15,441,294
Expenses				
Investment management fees	157,577	561,408	252,036	1,110,244
Legal and professional fees	130,368	270,622	293,982	365,653
Audit and accounting fees	103,207	35,000	161,939	158,000
Directors' fees	12,583	13,250	31,833	26,500
General and administrative expenses	58,593	143,763	178,581	284,073
Total expenses	462,328	1,024,043	918,371	1,944,470
(Loss) income before tax	(8,679,694)	4,839,687	(7,470,700)	13,496,824
Income tax expense	-	(9,129)	-	(9,129)
Net (loss) income	\$ (8,679,694)	\$ 4,830,558	\$ (7,470,700)	\$ 13,487,695