



**June 10, 2016**

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

**Financial Results for the six months ended March 31, 2016**

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, 2016.

Overview of the six months ended March 31, 2016:

- Shareholders’ equity of \$203.8 million as at March 31, 2016 (September 30, 2015: \$209.2 million);
- Diluted net asset value (“NAV”) per share of \$17.03 as at March 31, 2016 (September 30, 2015: \$17.74), down 4.0% essentially due to Sterling’s 5.0% depreciation against the Dollar;
- Diluted loss per share of \$0.14 compared to a diluted loss of \$0.65 a year ago; and
- Interim dividend of \$0.18 a share, same level as last year.

Investment highlights for the six months ended March 31, 2016:

- Waverton Investment Management Limited (“Waverton”) records pre-tax income of £3.7 million (2015: £4.8 million);
- Waverton Assets under Management (“AuM”) at March 31, 2016 of £4.5 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 20.8% and a highly liquid balance sheet with 39% in cash and high quality liquid assets;
- BCB total revenue of \$13.5 million (2015: \$13.9 million); and
- Private & Commercial Finance Group plc (“PCFG”) report 12% increase in business originations for fiscal March 2016 to £63 million from £56 million last year.



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

“Somers recorded a loss of \$1.7 million for the six month period ended March 31, 2016 primarily on account of Sterling’s decline against the Dollar. Excluding the impact of currencies, results were flat with dividend income received from the investment portfolio largely offsetting a net reduction in portfolio valuations. The foreign exchange losses resulted in a 4.0% decline in our NAV to \$17.03 from \$17.74 at September 30, 2015.

A number of our larger investments, in particular Waverton and Ascot Lloyd, are denominated in Sterling and during the six month period ended March 31, 2016 Sterling declined by 5.0% versus the Dollar. Currently the Sterling based investments are not hedged but the Board is considering a more active hedging policy.

There was little transactional activity during the March quarter as the Company’s capital remains fully invested. We did however exercise our Merrion Capital Holdings Limited convertible loan notes in March thereby increasing our holding to 23% of Merrion’s issued share capital. Post the quarter end we invested £1.0 million to acquire a minority interest in MJ Hudson, a UK based specialist law firm and asset management services provider.

We continue to carry a relatively low level of debt on our balance sheet and we expect to maintain this position at least in the short term. 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 six months ended March 31, 2016**

### **Introduction**

Somers recorded a net loss of \$1.7 million for the six months ended March 31, 2016 compared with a net loss of \$7.5 million a year ago. The year to date loss per share was \$0.14 (March 31, 2015: \$0.65). The primary cause was realised losses caused by Sterling's decline against the US Dollar. Further unrealised Sterling exchange rate losses resulted in a 4.0% reduction in the Company's diluted net asset value per share to \$17.03 from \$17.74 at September 30, 2015.

The Company received dividend income of \$2.5 million during the period compared to \$1.6 million a year ago. This income offset a \$2.2 million loss on the Company's investment portfolio (2015: loss of \$5.4 million). Investment gains and losses result from changes in the valuations of the Company's investments and during the period a reduction in the carrying valuation of BCB outstripped valuation increases at Waverton and Ascot Lloyd. BCB's valuation includes its subsidiary, PCFG, and an increase in PCFG's share price in the current quarter should have a positive impact on BCB's overall valuation. The remaining investment valuations were largely unchanged over the quarter.

Net foreign exchange losses were \$1.4 million for the period with a further \$2.8 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 six month period Sterling has declined by 5.0% versus the Dollar. These losses were primarily unrealised.

Somers' balance sheet remains stable with total assets at March 31, 2016 of \$216.8 million (September 2015: \$216.0 million). The investment portfolio was \$207.8 million as at March 31, 2016 (September 2015: \$209.9 million) with equity investments (\$187.0 million) accounting for 90.0% of this total. The remaining 10.0% (\$20.8 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 remain modest but increased from \$6.0 million at September 30, 2015 to \$12.1 million. Somers 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 \$203.8 million down from \$209.2 million at September 30, 2015. \$2.6 million of the \$2.8 million dividends paid during the period 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 11,965,145 as at March 31, 2016. Somers' share price remained unchanged over the period at \$13.00.

### **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 27, 2016 and the payment date will be July 18, 2016.

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

At March 31, 2016 the Directors and Officers of the Company had combined interests totalling 4,890,763 common shares out of 11,965,145 common shares in issue on that date.

## REVIEW OF INVESTMENTS

### *Bermuda Commercial Bank Limited (“BCB” or the “Bank”)*

BCB recorded total revenue of \$13.5 million for the six months ended March 31, 2016 (March 31, 2015: \$13.9 million). Following the acquisition of PCFG in September 2015, consolidated core earnings have improved with net interest income of \$14.1 million for the six months (2015: \$6.1 million). This improvement was offset by a reduction in the Bank's investment portfolio, leaving an overall net loss of \$3.9 million for the six month period (2015: net income \$2.1 million). As at March 31, 2016, the value of BCB's holding in PCFG, on a mark to market basis, has increased by \$5.0 million since acquisition (this unrealised gain is not included in the foregoing results).

PCFG's portfolio performance and profitability in the 12 months to 31 March 2016 has outperformed management objectives. New business originations were £63 million, up from £56 million last year, while the car and commercial finance company's portfolio of finance receivables grew 12% to £112 million. The quality of PCFG's loan book improved again over the period, while loan loss provisioning continued to reduce.

BCB's consolidated total assets were \$667.7 million at March 31, 2016 up from \$597.7 million at December 31, 2015 and the Bank has maintained its strong liquidity position with 39% of its balance sheet in cash and high quality liquid assets.

The Bank's total equity position, including non-controlling interest, was \$95.9 million at March 31, 2016 (December 31, 2015: \$105.0 million). The change in total equity primarily resulted from unrealised mark to market movements on the Bank's investment portfolio, and a decline in net earnings during the period. Reflecting this reduction in equity, Somers' investment in 100% of BCB's equity was valued at \$94.3 million as at March 31, 2016 (September 30, 2015: \$100.8 million). However, following the announcement by PCFG in April, that the growth and performance of their portfolio has delivered results slightly ahead of market expectations, PCFG's share price has shown a material increase and it is expected that this increase should positively impact BCB's valuation.

The Bank's regulatory capital ratio at March 31, 2016 was 20.8%.

### *Waverton Investment Management Limited (“Waverton”)*

Waverton's Assets under Management (“AuM”) were £4.5 billion as at March 31, 2016 (September 30, 2015: £4.3 billion). For the six months ended March 31, 2016, Waverton earned revenue of £15.8 million (March 31, 2015: £16.0 million), EBITDA of £3.8 million (March 2015: £5.2 million) and profit before tax of £3.7 million (March 31, 2015: £4.8 million). The year on year financial results were impacted by a lower AuM driven by weaker capital markets and increased property costs due to Waverton moving into new premises in September 2015.

Post the quarter end, Waverton announced that it had completed the acquisition of 2CG Senhouse, the London-based long only investment firm specialising in Continental European and Southeast Asian equities. The acquisition reinforces Waverton's commitment to investing directly in global equities and clients of both firms will benefit from the team's expertise in European and Asian stock selection, and the three existing European and Asian managed funds will come across to Waverton.

Somers values its investment in Waverton on a peer comparison basis using an EV/EBITDA valuation methodology. Primarily on account of an increase in net assets at Waverton, Somers has increased the value of its investment in Waverton to £35.4 million from £34.4 million at September 30, 2015.

Global equity markets in the first quarter of 2016 were extremely volatile. Post the quarter end that volatility has reduced. However, with a potential Brexit and a potential increase in US interest rates it is possible that volatility will once again



return. As a result, negative market movements may adversely impact Waverton's earnings but there remain a number of growth opportunities for Waverton

*Ascot Lloyd Holdings Limited ("Ascot Lloyd")*

Somers has £5.2 million 6% convertible loan notes in Ascot Lloyd and, in addition, loans totaling £3.7 million. Upon conversion of the convertible loan notes Somers would be interested in approximately 44% of Ascot Lloyd's diluted issued share capital.

Ascot Lloyd's assets under administration as at March 31, 2016 stood at approximately £2.2 billion. Importantly for an IFA business, Ascot Lloyd's recurring income has grown to approximately £14 million on an annualised basis.

For the three months ended March 31, 2016, Ascot Lloyd reported unaudited revenue of £4.7 million, profit before tax of £0.3 million and EBITDA of £1.1 million.

Somers' investment in Ascot Lloyd is valued at £14.5 million as at March 31, 2016 (September 30, 2015: £10.6 million).

*West Hamilton Holdings Limited ("West Hamilton")*

For the six months ended March 31, 2016, West Hamilton reported unaudited net income of \$346 thousand (2015: \$280 thousand). Rental income in the first half of the year improved primarily as a result of full occupancy in the Belvedere Building and in the car parking facility. The demand for car parking spaces continues to increase with a waiting list of approximately 70. Planning permission to increase the parking facility is in the final stage and it is anticipated that construction will commence in late 2016.

Total shareholders' equity as at March 31, 2016 was \$21.1 million (2015: \$20.3 million). The value of the assets on a market value basis would be approximately \$45.8 million.

The construction of the Belvedere Residences is on schedule with revisions to include the change of use of the penthouse to office accommodation. The apartments are expected to be completed in August 2016.

**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 £4.5 billion assets under management. The Group's other investments include a 57% interest in West Hamilton Holdings Limited; a Bermuda property company, a 44% 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 and a 99% stake in Stockdale Securities Limited; a corporate and institutional stockbroking group, Somers has shareholders' equity of \$204 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>MAR 31, 2016</b>	<b>SEP 30, 2015*</b>
Cash and cash equivalents	\$ 241,224	\$ 1,108,676
Other assets	52,654	34,682
Interest receivable	239,433	520,134
Loans and receivables	8,475,350	4,461,285
Financial investments	207,810,332	209,864,255
<b>Total assets</b>	<b>216,818,993</b>	<b>215,989,032</b>
<b>Liabilities</b>		
Other liabilities	927,089	813,958
Interest bearing loans and borrowings	12,092,086	6,000,000
<b>Total liabilities</b>	<b>13,019,175</b>	<b>6,813,958</b>
<b>Net assets</b>	<b>\$ 203,799,818</b>	<b>\$ 209,175,074</b>
<b>Equity</b>		
Capital stock	\$ 1,197	\$ 1,179
Contributed surplus	165,238,106	162,674,966
Treasury shares	(139,659)	-
Accumulated other comprehensive (loss) income	(7,109,948)	(3,838,932)
Retained earnings	45,810,122	50,337,861
<b>Total equity</b>	<b>\$ 203,799,818</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 six months ended	
	MAR 31, 2016	MAR 31, 2015	MAR 31, 2016	MAR 31, 2015
Interest income	\$ 306,277	\$ 436,907	\$ 525,489	\$ 605,865
Interest expense	(128,208)	(652)	(221,198)	(45,177)
Net interest income	178,069	436,255	304,291	560,688
Dividend income	-	-	2,500,000	1,600,000
Losses on investments	(925,998)	(6,751,508)	(2,164,761)	(5,352,786)
Other income	-	-	-	-
Net foreign exchange losses	(557,789)	(1,902,113)	(1,447,729)	(3,360,231)
Total income	(1,305,718)	(8,217,366)	(808,199)	(6,552,329)
<b>Expenses</b>				
Investment management fees	131,295	157,577	261,295	252,036
Legal and professional fees	141,609	130,368	258,793	293,982
Audit and accounting fees	97,417	103,207	139,152	161,939
Directors' fees	16,250	12,583	32,500	31,833
General and administrative expenses	93,463	58,593	196,628	178,581
Total expenses	480,034	462,328	888,368	918,371
Loss before tax	(1,785,752)	(8,679,694)	(1,696,567)	(7,470,700)
Income tax expense	-	-	-	-
Net loss	\$ (1,785,752)	\$ (8,679,694)	\$ (1,696,567)	\$ (7,470,700)

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

(expressed in United States dollars)

<b>Income</b>	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>MAR 31, 2016</b>	<b>MAR 31, 2015</b>	<b>MAR 31, 2016</b>	<b>MAR 31, 2015</b>
Net loss for the period	\$ (1,785,752)	\$ (8,679,694)	\$ (1,696,567)	\$ (7,470,700)
Other comprehensive loss:				
Exchange differences on translation of foreign operations	(1,415,223)	(2,742,581)	(2,779,841)	(5,460,044)
Net gain (loss) on financial investments	76,427	199,744	(491,175)	(105,399)
Other comprehensive loss	(1,338,796)	(2,542,837)	(3,271,016)	(5,565,443)
Total comprehensive loss	\$ (3,124,548)	\$ (11,222,531)	\$ (4,967,583)	\$ (13,036,143)