

LMS Capital plc

Preliminary results for the
year ended
31 December 2008



Who we are

LMS Capital plc is an international investment company
with 30 years experience in the UK and US

Our objective is to deliver sustained
medium to long-term growth for our shareholders
through a risk-diversified portfolio of investments
in public and private companies

Financial performance

Results for 2008

- NAV per share 89p declined 12% (31 December 2007: 101p)
- Net Asset Value £241.5 million (31 December 2007: £289 million)
- Net realised gains on investments £17.3 million (2007: £6.7 million)
- Loss for the year £40.8 million (2007: profit of £29.8 million)
- Cash in hand £41.3 million
- Quoted securities £46.5 million
- No corporate debt
- Fund commitments £71 million (estimated over the next 5 years)

Portfolio valuation

- Reflects the decline in both public and private markets primarily in Q4
- Unrealised loss of £54.1 million (2007: gain of £30.1 million)
- Quoted securities - unrealised loss of £45.5 million
- Unquoted securities – unrealised loss of £35.2 million
 - realistic approach to valuation
 - impact limited by low gearing levels in much of the portfolio
- Fund interests – valuations by General Partners supplemented by detailed internal review
- Currency gains - £45.5 million (2007: loss of £1.4 million) partially offset the above

Significant transactions

- The disposal of Energy Cranes generated an IRR of 40% and cash proceeds of £83 million
- The sale of AssetHouse Technology realised a loss of £3.7 million; this followed a reassessment of its prospects as a stand alone business
- Cityspace acquired Kizoom for £1.9 million which expands its ability to provide multi-platform real time information, particularly to mobile users
- Co-investments:
 - Pims Group in the UK (£2.5 million) – waste water systems and services
 - Eye-Fi Inc in the US (\$2 million) – wireless memory cards for digital cameras

On our agenda

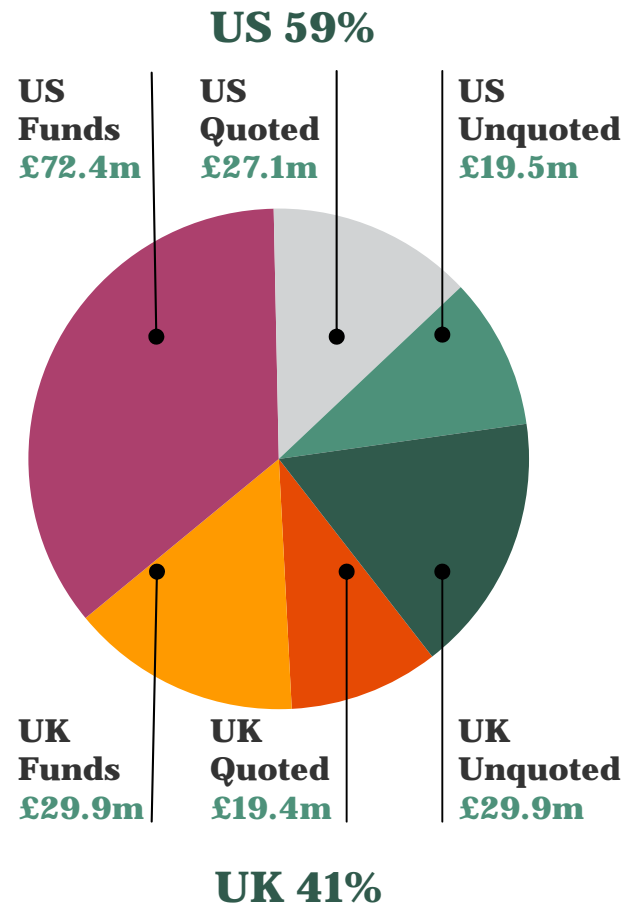
- Protect our investments in a world recession
- Maximise cash flow
- Build portfolio companies to take advantage of competitors' potential weakness
- Maintain deal flow
 - opportunities for low entry prices
 - distressed sellers not distressed assets
- Communicate the Company's differentiation;
 - flexible investment holding periods
 - diversification: especially stage of investment

Why invest in us?

- Principal investors in private equity and development capital
- Risk diversified approach – by stage, industry, geography and currency
- Sector focus:
 - » Energy
 - » Technology (applied software)
 - » Media and leisure
 - » Healthcare and medical
 - » Real estate
 - where we have a strong track record
- More flexible investment holding period than fund structure allows – to optimise returns
- More than 30 years UK and US experience
- Strong network of contacts for deal flow and co-investments

Our portfolio - type of investment

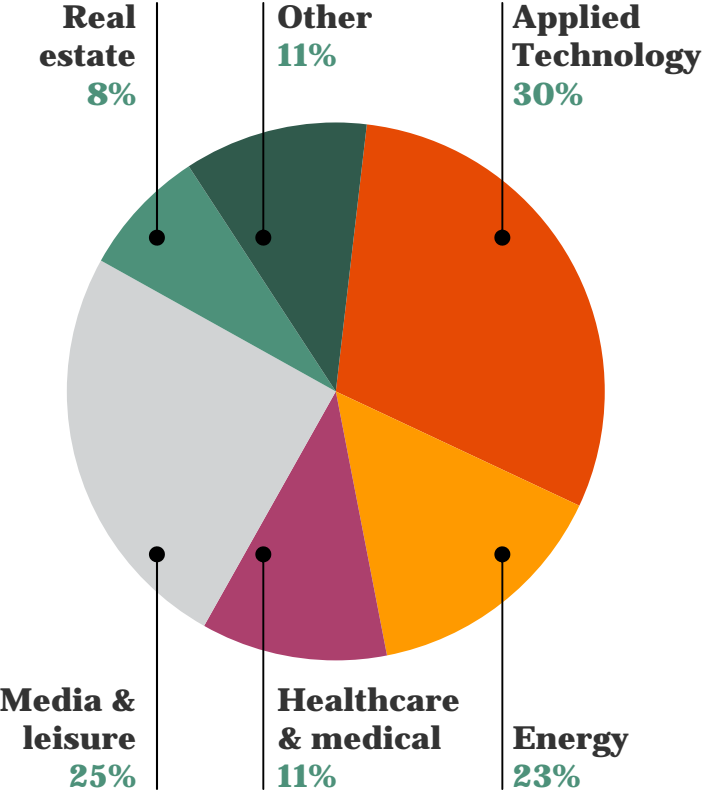
Portfolio value £202.0 million



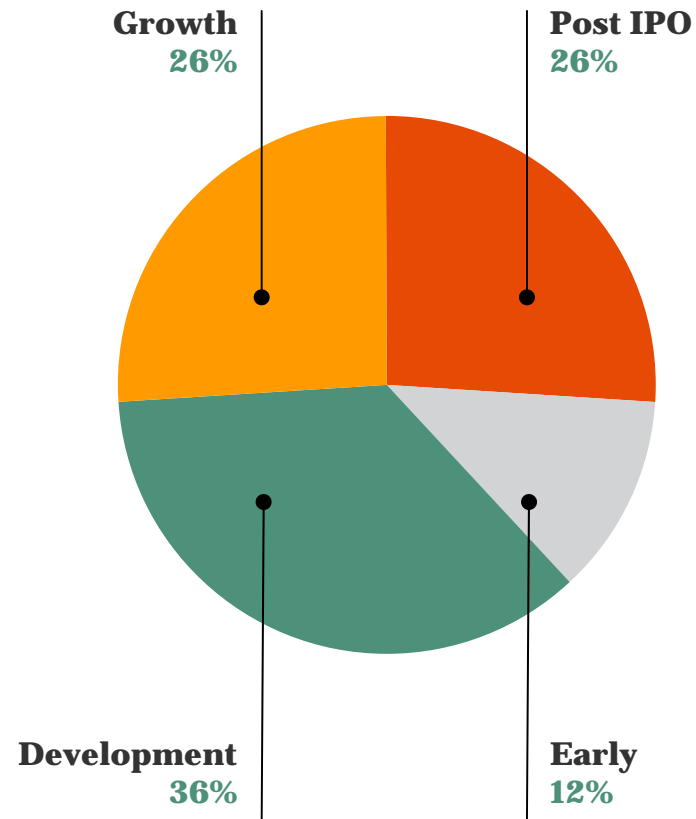
Cash and quoted investments represent 36% of total assets

	Quoted	Unquoted	Funds
US	£27.1m	£19.5m	£72.4m
UK	£19.4m	£33.7m	£29.9m
Total	£46.5m	£53.2m	£102.3m
	23%	26%	51%
Invested		£202m	
Cash		£41.3m	
Other items		£(1.8)m	
Net assets		£241.5m	

The sectors we focus on

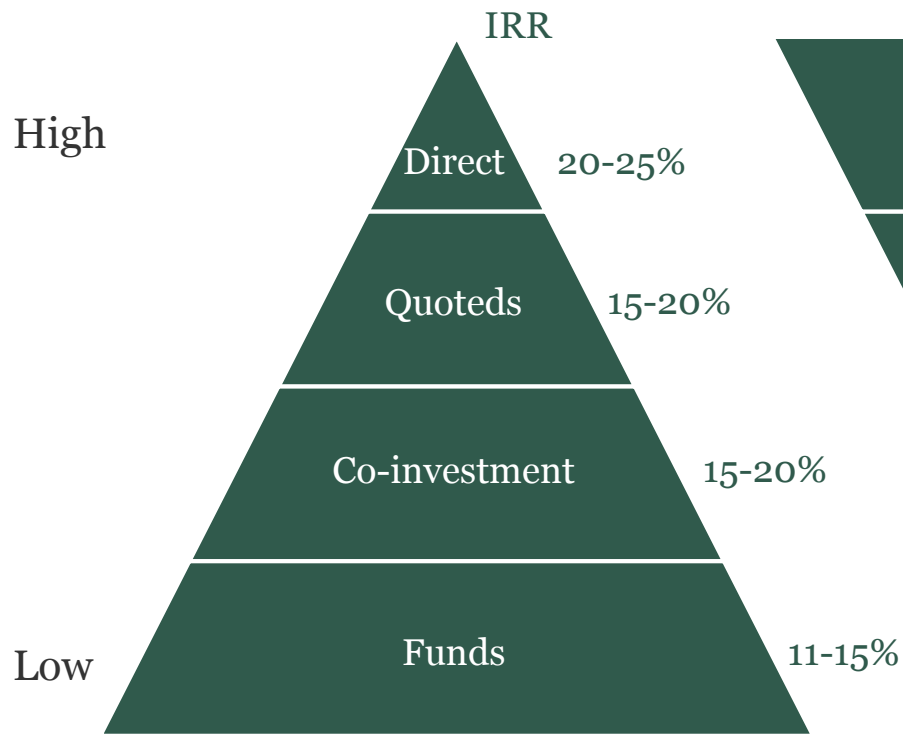


Stage of investment

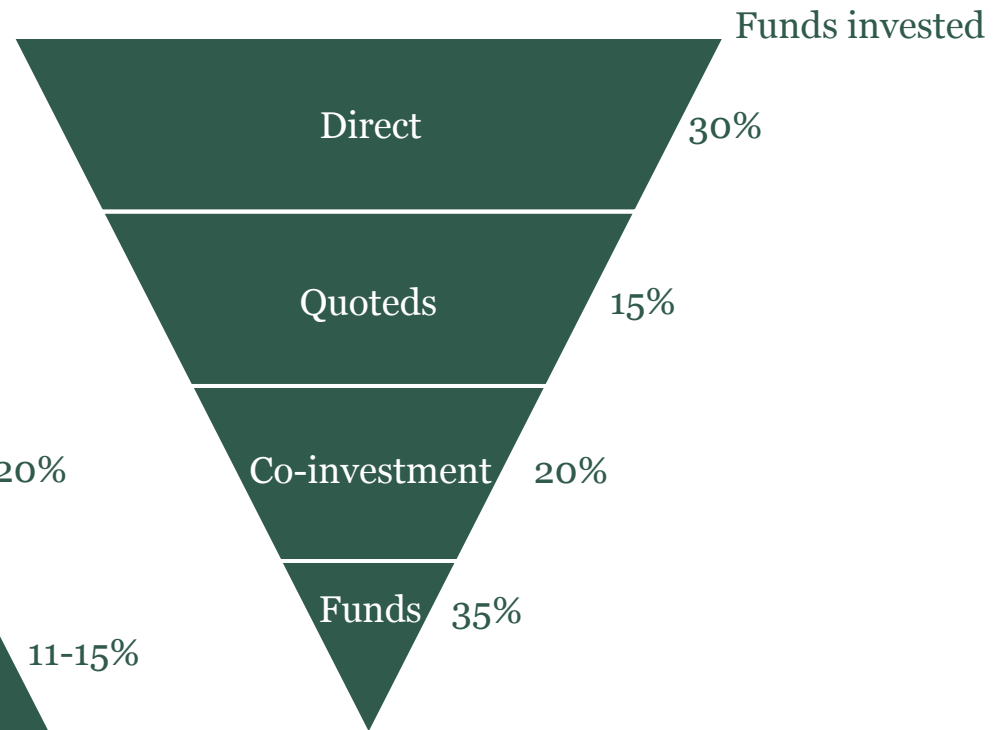


Our balanced investment approach

Risk Balance



Management Cost



Principal investments

Company	Activity	Geography	Stake	Valuation
Method Products*	Consumer products	US	13%	£20.2m
ProStrakan Group plc	Pharmaceuticals	UK	9%	£15.3m
Weatherford International	Oilfield services	US	<1%	£15.2m
Rave Reviews Cinemas	Cinema operator	US	13%	£8.9m
Cityspace	Transport information services	UK	94%	£6.0m
Wesupply	Supply chain connectivity software	UK	99%	£5.5m
Penguin Computing*	Linux server systems	US	21%	£4.1m
CopperEye	Indexing software	UK	76%	£4.0m
Elatel	Marketing software	UK	42%	£3.5m
Healthcare Management Systems	Hospital information systems	US	8%	£3.4m
Yes To*	Consumer products	US	12%	£2.5m
Pims Group	Waste water systems and services	UK	10%	£2.5m

* A San Francisco Equity Partners portfolio company

Fund interests

Name	Principal focus	Geography	Valuation
San Francisco Equity Partners	Consumer products	US	£34.7m
Brockton Capital	Real estate	UK	£9.3m
Boston Ventures (Funds V, VI and VII)	Media and communications	US	£8.7m
Spectrum Equity Investors (Funds III and IV)	Communications, information services and media	US	£6.7m
Inflexion Private Equity (2003 and 2006 Funds)	Mid-market buyouts	UK	£6.6m
EMAC	Real estate	UK	£5.0m
Scottish Equity Partners (Funds II and III)	Information technology, healthcare and energy technology	UK	£4.1m
CMEA Capital (IT Funds II and IV)	Technology	US	£3.8m
Brynwood Partners	Consumer products and service businesses	US	£3.8m
Amadeus Capital Partners (Funds I and II)	Technology	UK	£3.6m

Wesupply

One of our UK unquoted investments

- Supply chain connectivity
- Software as a service
- Customers in UK, Europe and US
- Focus on retail and multi-site manufacturing



Yes To, Inc

A San Francisco Equity Partners portfolio company

- Natural personal care products based on Dead Sea minerals and organic fruits/vegetables
- Yes to Carrots – hair, face and body products – \$50 million revenues in 11 countries
- Range extended – Yes to Tomatoes and Yes to Cucumbers



Cityspace

One of our UK unquoted investments

- Cityspace provides products & services for public transport information
- Ten years experience in the market
- Kizoom brings market leadership in mobile communication



Method Products

A San Francisco Equity Partners portfolio company

- In 6 years, Method Products has become the world's largest and fastest growing green homecare company
- This has been accomplished by:
 - creating an “eco-chic” lifestyle brand
 - offering the consumer affordable luxuries
 - distribution strategy based on deep retailer relationships
- Overwhelming consumer and media response in US – now introduced into the UK
- Shareholder value creation



Pims Group

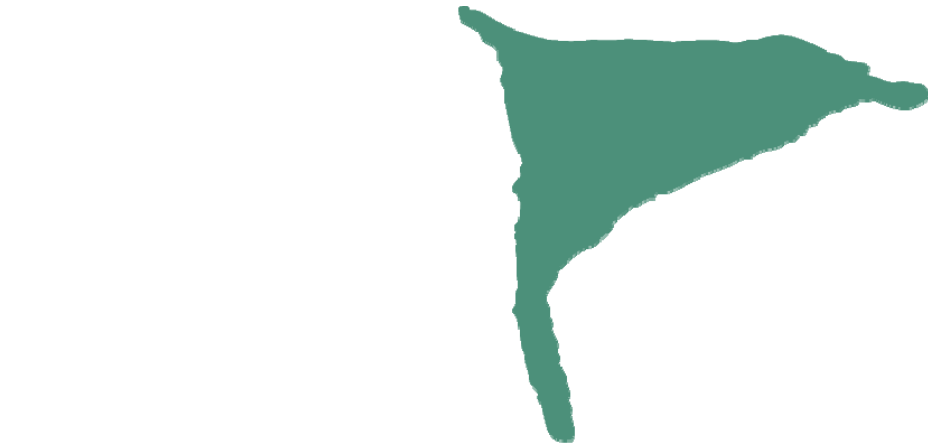
A co-investment with Inflexion 2006 Buyout Fund

- Waste water pumping and support services
- UK national coverage
- Domestic and commercial
- Significant maintenance income as well as sales of pumps and related installation charges



Outlook

- Deal flow from all sources remains strong
- Continued focus on our favoured sectors
- Weighted towards development capital and later stage investments
- Bank funding at sensible levels still available for the right deal

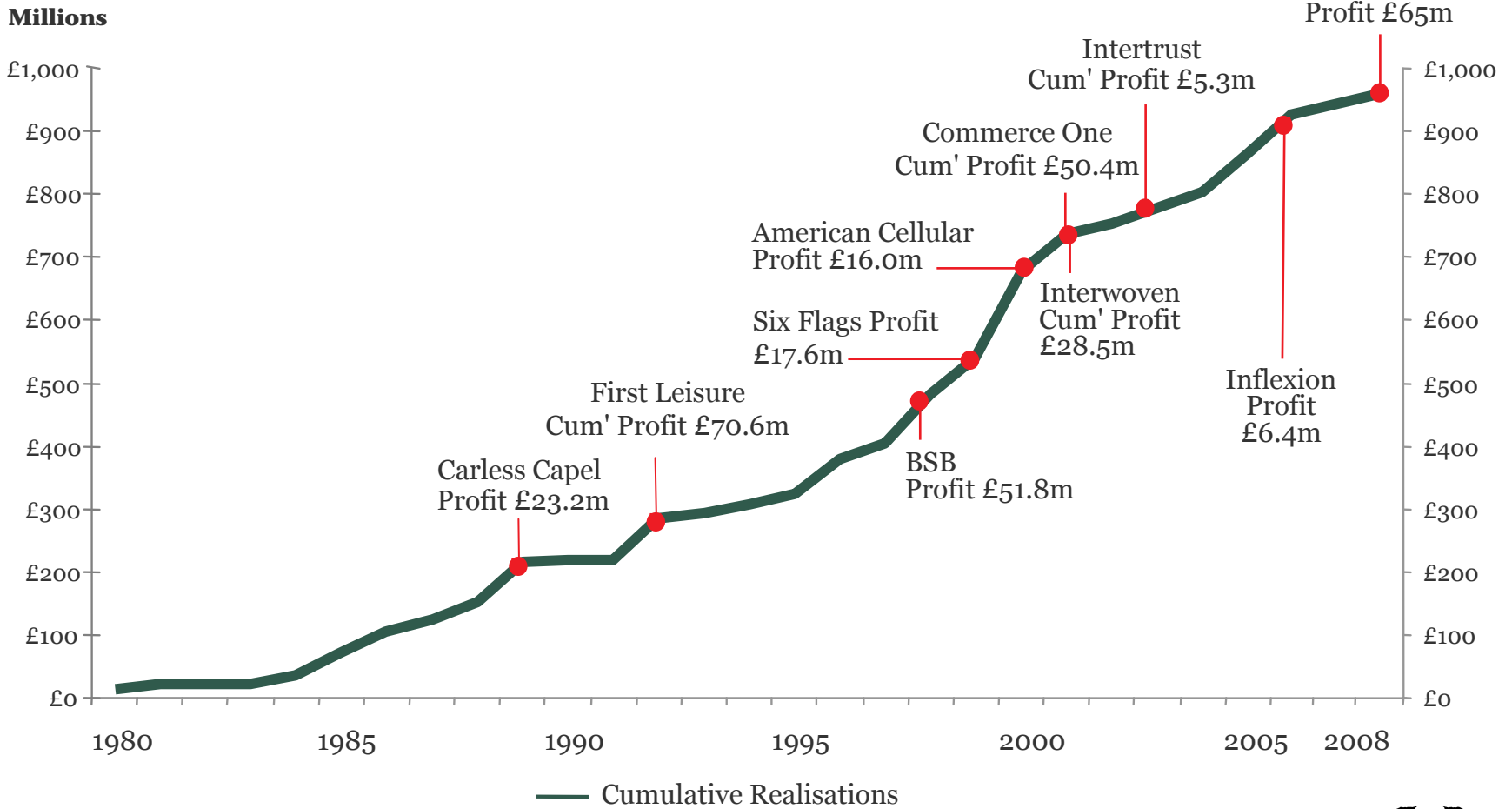


LMS Capital plc

Other information

A track record of profitable realisations

Investment highlights since 1980



Investment track record

Comben Homes		Six Flags		Spar Brushes
	Rimmel Cosmetics		Woodward's Gripe Water	
Westerham Press		Carlton Industries		Haddon Oldham Batteries
	British National Life Assurance		Walker Frampton Insurance Brokers	
Invergordon Distillers		Century Power & Light		Weatherford International
	Carless Capel		Energy Cranes	
Commerce One		BSkyB		Intertrust
	Multimedia Publishing		British Printing	

Results

£'000	Year ended 31 December 2008	Year ended 31 December 2007
Gains/(losses) on investments	(36,748)	36,739
Income from investments	582	1,508
	(36,166)	38,247
Administration costs	(4,898)	(8,062)
Net finance income	1,754	814
Share based payments	(889)	(777)
Taxation	(597)	(386)
Profit/(loss) for the year	(40,796)	29,836