



**3 August 2016**

**LMS Capital plc  
Half Year Results for the six months ended 30 June 2016**

The Board of LMS Capital plc, (“LMS Capital” or “the Company”), is pleased to announce the Company’s half year results for the six months to 30 June 2016.

- Proceeds of realisations in the period were £8.6 million (2015: £26.6 million).
- These proceeds included:
  - Distributions from funds of £4.1 million;
  - The sale of 600,000 shares in Weatherford International at an average price of \$8.07 for net proceeds of £3.4 million;
  - The sale of other quoted investments for £1.1 million.
- Net Asset Value per share at 30 June 2016 was 88p (31 December 2015: 92p). Net Asset Value was £91.2 million (31 December 2015: £95.1 million).
- The investment portfolio showed a net loss in the first half of £8.6 million (2015: net gain of £4.7 million) before unrealised net currency gains of £6.8 million (2015: unrealised net losses of £0.7 million) and carried interest charges of £0.1 million (2015: £0.6 million).
- The loss for the period was £3.9 million (2015: profit of £1.0 million).
- At 30 June 2016 we had liquid assets of £14.8 million (31 December 2015: £15.9 million), being net cash of £10.5 million (31 December 2015: £6.1 million) and quoted securities of £4.3 million (31 December 2015: £9.8 million). Outstanding commitments to funds were £3.6 million, down from £4.0 million at the end of 2015.

**Martin Knight, Chairman of LMS Capital, said:**

“We have continued to make progress with the realisation strategy during the first half of the year but the Board is mindful that, as the portfolio reduces in size, the management time and costs involved in running the portfolio, together with the requirement to maintain sufficient working capital requirements, could increasingly impact returns to shareholders.

Shareholders will be aware from the circular sent out on 27 July 2016 that the Board is proposing that the Company adopt an active investment strategy to address this with the aim of reducing costs and improving prospects for long term capital growth in net asset value. Full details of these proposals are included in the circular”.

**For further information please contact:**

**LMS Capital plc** **020 7935 3555**  
Nick Friedlos, Director  
Tony Sweet, Chief Financial Officer

**J.P. Morgan Cazenove** **020 7742 4000**  
Michael Wentworth-Stanley

**MHP Communications** **020 3128 8100**  
Katie Hunt  
Isabelle Grainger

**About LMS Capital**

LMS Capital is an investment company which, following a general meeting on 30 November 2011, is undertaking a realisation strategy with the aim of achieving a balance between an efficient return of cash to shareholders and optimising the value of the Company's investments. Its investment portfolio consists of small to medium sized companies across a range of sectors.

[www.lmscapital.com](http://www.lmscapital.com)

**Half year review 2016**

***Overview***

During the first half of 2016 the focus of the Company's directors has continued to be the optimisation of realisations from the investment portfolio in line with the realisation strategy approved by shareholders at the general meeting on 30 November 2011. To date £155 million has been returned to shareholders by way of four tender offers and related share buybacks – this total equates to around 63% of the net asset value at the end of 2011 ("Opening Net Asset Value") and 100% of the Company's market capitalisation at the time of the November 2011 general meeting to approve the realisation strategy ("Opening Market Capitalisation").

On 27 July the Company announced proposals to change its investment policy to enable it to invest in new opportunities and full details are included in a circular which was sent to shareholders on that date. If shareholders approve the proposals the Company would continue its realisation programme in respect of its existing portfolio and the disposal proceeds (net of any amount required for working capital purposes) would then be invested in accordance with the proposed investment policy or returned to shareholders as more fully explained in the circular.

The financial information in respect of the six months ended 30 June 2016 has been prepared on the basis of the realisation strategy applicable to that period.

The movement in net asset value during the first half of 2016 was as follows:

	<b>Six months ended 30 June 2016 £'000</b>	<b>Restated Six months ended 30 June 2015 £'000</b>
1 January	95,091	135,108
Return on investments	(2,247)	2,943
Overheads, net of other income	(1,635)	(1,931)
Taxation, interest and foreign exchange translation differences	12	7
30 June	<u>91,221</u>	<u>136,127</u>

### ***Key performance indicators***

The following are the key performance indicators for the first half of 2016:

		<b>Six months ended 30 June 2016</b>	<b>2015</b>
<b>Cash realisations from the investment portfolio – gross</b>	£'million	<b>8.6</b>	26.6
<b>Cash realisations from the investment portfolio – net</b>	£'million	<b>7.4</b>	26.0
<b>Cash returned to shareholders – period</b>	£'million	-	-
<b>Cash returned to shareholders – cumulative</b>	£'million	<b>155.0</b>	115.0
<b>Cumulative returns to shareholders compared to Opening Market Capitalisation</b>	%	<b>100%</b>	74%
<b>Cumulative returns to shareholders compared to Opening Net Asset Value</b>	%	<b>63%</b>	48%
<b>NAV per share</b>	pence	<b>88</b>	94

Cash realisations from the portfolio in the period were as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Sales of investments	4,490	9,151
Capital restructurings and loan repayments	-	835
Sale of fund positions	-	9,205
Distributions from funds	4,139	7,366
Total – gross	<u>8,629</u>	<u>26,557</u>
Follow-on investments	(730)	(312)
Fund calls	(190)	(236)
Carried interest payments	(273)	-
Total – net	<u>7,436</u>	<u>26,009</u>

In the first half of 2016 the proceeds of £8.6 million arose principally from:

- distributions from funds of £4.1 million;
- the sale of part of our holding in Weatherford International for £3.4 million. We sold 600,000 shares and currently have 819,000 shares in this US quoted oilfield services company; and
- the sale of other quoted investments for £1.1 million.

Follow-on investments included £0.2 million to provide working capital for Elateral, one of our UK direct investments and £0.5 million to ICU Eyewear, a portfolio company of San Francisco Equity Partners.

For the six months to 30 June 2016, the gains and losses on investments were as follows:

	<b>Six months ended 30 June 2016</b>	<b>Restated Six months ended 30 June 2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Gains/(losses), net</b>		
Quoted securities	(1,259)	2,470
Direct investments	(723)	4,016
Funds	205	(2,436)
	<u>(1,777)</u>	<u>4,050</u>
Being:		
Realised gains	160	541
Unrealised valuation (losses)/gains, net	(8,773)	4,191
	<u>(8,613)</u>	<u>4,732</u>
Unrealised currency gains/(losses)	6,836	(682)
Portfolio return above	(1,777)	4,050
Less: charges for carried interest and incentive plans	(41)	(597)
	<u>(1,818)</u>	<u>3,453</u>
Operating and similar expenses of subsidiaries	(429)	(510)
Total (losses)/gains, net	<u>(2,247)</u>	<u>2,943</u>

Approximately 70% of the investment portfolio at 30 June 2016 is denominated in US dollars (31 December 2015: 66%). The relative weakness of pound sterling against the US dollar at 30 June 2016 compared to 31 December 2015 resulted in an unrealised foreign currency gain of £6.8 million (2015: unrealised loss of £0.7 million). As is common practice in private equity investment, it is the Board's current policy not to hedge the Company's underlying non-sterling investments.

#### *Financial position*

At 30 June 2016 we had liquid assets of £14.8 million (31 December 2015: £15.9 million), being net cash of £10.5 million (31 December 2015: £6.1 million) and quoted securities of £4.3 million (31 December 2015: £9.8 million). Outstanding commitments to funds were £3.6 million, down from £4.0 million at the end of 2015.

#### **Principal risks and uncertainties**

The principal risks and uncertainties that affect the Company are described on pages 9 and 10 of the Company's Annual Report for the year ended 31 December 2015. These are still considered the most relevant risks and uncertainties which the Company faces and they could have an impact on the Company's performance in the second half of the financial year.

For the foreseeable future, the market risk factors set out in the 2015 Annual Report are expected to be influenced by the UK's decision to leave the European Union. The volatility and uncertainty following that decision may include:

- Reduction in the demand for the products and services of the Company's investments, which may negatively impact the performance, growth rates and overall value of those investments;
- A lack of liquidity in the capital markets and an increased aversion to risk on the part of potential buyers could mean that the Company may not be able to realise its investments in line with planned timings and values;
- Changes in market prices for the Company's quoted investments, as well as movements in interest rates and exchange rates. A significant proportion of our investment portfolio is denominated in a currency other than pounds sterling, principally US dollars. It is the Board's current policy not to hedge the Company's underlying non-sterling investments

Nick Friedlos  
Director  
3 August 2016

## LMS Capital plc

### Principal investments by valuation – 30 June 2016

Name	Geography	Type	Sector	Date of initial investment	Book value £'000	% of Net Asset Value
Medhost Inc	US	Unquoted	Technology	2007	15,770	17.3%
ICU Eyewear*	US	Unquoted	Consumer	2010	8,662	9.5%
Yes To, Inc*	US	Unquoted	Consumer	2008	7,873	8.6%
Penguin Computing*	US	Unquoted	Technology	2004	7,775	8.5%
Brockton Capital	UK	Fund	Property	2006	7,380	8.1%
Nationwide Energy Partners	US	Unquoted	Energy	2010	7,168	7.9%
Opus Capital Venture Partners	US	Fund	Technology	2006	5,644	6.2%
Elateral	UK	Unquoted	Technology	2000	4,250	4.7%
365iTMS	UK	Unquoted	Technology	2009	4,000	4.4%
Eden Venture Partners	UK	Fund	Technology	2007	3,565	3.9%

\*A portfolio company of San Francisco Equity Partners.

## Condensed income statement

		Six months ended 30 June	Restated Six months ended 30 June
	Notes	2016 £'000	2015 £'000
Net (losses)/gains on investments	3	(2,247)	2,943
Directors' and other fees from investments		20	28
Interest income		12	7
		(2,215)	2,978
Operating expenses		(1,655)	(1,959)
<b>(Loss)/profit before tax</b>		<b>(3,870)</b>	1,019
Taxation		-	-
<b>(Loss)/profit for the period</b>		<b>(3,870)</b>	1,019
<b>Attributable to:</b>			
Equity shareholders		(3,870)	1,019
(Loss)/earnings per ordinary share - basic	4	(3.7)p	0.7p
(Loss)/earnings per ordinary share - diluted	4	(3.7)p	0.7p

The notes on pages 12 to 19 form part of these financial statements.

## Condensed statement of comprehensive income

---

	Six months ended 30 June	Restated Six months ended 30 June
	2016	2015
	£'000	£'000
(Loss)/profit for the period	(3,870)	1,019
Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met:		
Exchange differences on translation of foreign operations	-	-
Total comprehensive (loss)/profit for the period	(3,870)	1,019
<b>Attributable to:</b>		
Equity shareholders	(3,870)	1,019

The notes on pages 12 to 19 form part of these financial statements.



## Condensed statement of financial position

	Notes	30 June 2016 £'000	Restated 31 December 2015 £'000
<b>Non-current assets</b>			
Property, plant and equipment		200	261
Investments	5	205,778	220,505
<b>Non-current assets</b>		<b>205,978</b>	<b>220,766</b>
<b>Current assets</b>			
Operating and other receivables		230	156
Cash and cash equivalents		8,714	4,083
<b>Current assets</b>		<b>8,944</b>	<b>4,239</b>
<b>Total assets</b>		<b>214,922</b>	<b>225,005</b>
<b>Current liabilities</b>			
Operating and other payables		(1,334)	(1,472)
Amounts payable to subsidiaries		(119,732)	(125,622)
<b>Current liabilities</b>		<b>(121,066)</b>	<b>(127,094)</b>
<b>Non-current liabilities</b>			
Provisions and other long-term liabilities		(2,635)	(2,820)
<b>Non-current liabilities</b>		<b>(2,635)</b>	<b>(2,820)</b>
<b>Total liabilities</b>		<b>(123,701)</b>	<b>(129,914)</b>
<b>Net assets</b>		<b>91,221</b>	<b>95,091</b>
<b>Equity</b>			
Share capital		10,358	10,358
Share premium		508	508
Capital redemption reserve		22,664	22,664
Retained earnings		57,691	61,561
<b>Total equity shareholders' funds</b>		<b>91,221</b>	<b>95,091</b>

The financial statements on pages 7 to 19 were approved by the Board on 3 August 2016 and were signed on its behalf by:

N Friedlos  
Director

The notes on pages 12 to 19 form part of these financial statements.

## Condensed statement of changes in equity

### Six months ended 30 June 2016

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	10,358	508	22,664	61,561	95,091
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(3,870)	(3,870)
Balance at 30 June 2016	10,358	508	22,664	57,691	91,221

### Restated six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	14,525	508	18,497	35,422	812	65,344	135,108
Effect of change in accounting policy	-	-	-	(35,422)	(812)	36,234	-
Balance at 1 January 2015 as restated	14,525	508	18,497	-	-	101,578	135,108
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	1,019	1,019
Balance at 30 June 2015	14,525	508	18,497	-	-	102,597	136,127

The notes on pages 12 to 19 form part of these financial statements.

## Condensed cash flow statement

	Six months ended 30 June 2016 £'000	Restated Six months ended 30 June 2015 £'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(3,870)	1,019
Adjustments for:		
Depreciation and amortisation	63	64
Losses / (gains) on investments	2,247	(2,943)
Interest income	(12)	(7)
	(1,572)	(1,867)
Dividends received	9,275	11,130
Change in operating and other receivables	(74)	(117)
Change in operating and other payables	(292)	740
Change in amounts payable to subsidiaries	(2,715)	12,625
<b>Net cash from operating activities</b>	<b>4,622</b>	<b>22,511</b>
<b>Cash flows from investing activities</b>		
Interest received	12	7
Acquisition of property, plant and equipment	(3)	(1)
<b>Net cash from investing activities</b>	<b>9</b>	<b>6</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,631</b>	<b>22,517</b>
Cash and cash equivalents at the beginning of the period	4,083	3,177
<b>Cash and cash equivalents at the end of the period</b>	<b>8,714</b>	<b>25,694</b>

The notes on pages 12 to 19 form part of these financial statements.

# Notes to the financial information

## 1. Principal accounting policies

### Reporting entity

LMS Capital plc (“the Company”) is domiciled in the United Kingdom. These condensed financial statements are presented in pounds sterling because that is the currency of the principal economic environment of the Company’s operations.

These condensed financial statements do not constitute the statutory accounts of the Company within the meaning of section 434(3) and 435(3) of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2015 are not the Company’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditor and delivered to the registrar of companies. The report of the auditor on the Company’s statutory accounts for the financial year ended 31 December 2015 was (i) unqualified and (ii) drew attention by way of emphasis without qualifying their report to the accounts no longer being prepared on a going concern basis and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Company was formed on 17 March 2006 and commenced operations on 9 June 2006 when it received the demerged investment division of London Merchant Securities.

### Statement of compliance

These condensed financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2015 which were prepared in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRS”).

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, except as set out below, the condensed financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company’s published financial statements for the year ended 31 December 2015.

### Basis of preparation

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (“Adopted IFRS”).

On 30 November 2011 the shareholders approved a change in the investment policy of the Company with the objective of conducting an orderly realisation of the assets of the Company in a manner that seeks to achieve a balance between an efficient return of cash to shareholders and maximising the value of the Company’s investments. Under the current realisation strategy, the Directors intend to liquidate the Company following the realisation and settlement of the remaining net assets, which may be over a number of years, and therefore these condensed financial statements have not been prepared on a going concern basis.

## **1. Principal accounting policies (continued)**

Taking account of the financial resources available to the Company, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future.

These condensed financial statements were approved by the Board of Directors on 3 August 2016.

### **Change in accounting policy and disclosure**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

In December 2014 the International Accounting Standards Board issued an amendment to IFRS 10 (Consolidated Financial Statements) which considered certain application issues which had been raised in connection with the standard. To comply with this amendment, which is effective from 1 January 2016, the Company now reports its operating subsidiaries (which act as the intermediate holding companies of the investment portfolio) at fair value rather than consolidating them as previously. As a result these condensed financial statements present information about the Company only, not its group.

The impact of this change in accounting policy is set out in Note 2 to the financial information.

### **Use of estimates and judgements**

The preparation of condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## 2. Change in accounting policy

With effect from 1 January 2016, the Company has adopted the amendment to IFRS 10 (Consolidated Financial Statements) which requires it to report its operating subsidiaries (which act as the intermediate holding companies of the investment portfolio) at fair value rather than consolidate them as previously.

The impact of this change in accounting policy on the income statement for the six months ended 30 June 2015 is set out below:

	Six months ended 30 June 2015		
	As previously reported £'000	Impact of change in accounting policy £'000	Restated £'000
Net gains on investments	3,453	(510)	2,943
Directors' and other fees from investments	28	-	28
Interest income	7	-	7
	3,488	(510)	2,978
Operating expenses	(2,463)	504	(1,959)
<b>Profit before tax</b>	1,025	(6)	1,019
Taxation	(24)	24	-
<b>Profit for the period</b>	1001	18	1,019
<b>Attributable to:</b>			
Equity shareholders	1,001	18	1,019
Earnings per ordinary share - basic	0.7p	-	0.7p
Earnings per ordinary share - diluted	0.7p	-	0.7p

## 2. Change in accounting policy (continued)

The impact of this change in accounting policy on the statement of financial position at 31 December 2015 is set out below:

	31 December 2015		
	As previously reported £'000	Impact of change in accounting policy £'000	Restated £'000
<b>Non-current assets</b>			
Property, plant and equipment	261	-	261
Investments	95,643	124,862	220,505
<b>Non-current assets</b>	<b>95,904</b>	<b>124,862</b>	<b>220,766</b>
<b>Current assets</b>			
Operating and other receivables	602	(446)	156
Cash and cash equivalents	6,105	(2,022)	4,083
<b>Current assets</b>	<b>6,707</b>	<b>(2,468)</b>	<b>4,239</b>
<b>Total assets</b>	<b>102,611</b>	<b>122,394</b>	<b>225,005</b>
<b>Current liabilities</b>			
Operating and other payables	(3,985)	2,513	(1,472)
Amounts payable to subsidiaries	-	(125,622)	(125,622)
Current tax liabilities	(715)	715	-
<b>Current liabilities</b>	<b>(4,700)</b>	<b>(122,394)</b>	<b>(127,094)</b>
<b>Non-current liabilities</b>			
Provisions and other long-term liabilities	(2,820)	-	(2,820)
<b>Non-current liabilities</b>	<b>(2,820)</b>	<b>-</b>	<b>(2,820)</b>
<b>Total liabilities</b>	<b>(7,520)</b>	<b>(122,394)</b>	<b>(129,914)</b>
<b>Net assets</b>	<b>95,091</b>	<b>-</b>	<b>95,091</b>
<b>Equity</b>			
Share capital	10,358	-	10,358
Share premium	508	-	508
Capital redemption reserve	22,664	-	22,664
Merger reserve	23,918	(23,918)	-
Foreign exchange translation reserve	816	(816)	-
Retained earnings	36,827	24,734	61,561
<b>Total equity shareholders' funds</b>	<b>95,091</b>	<b>-</b>	<b>95,091</b>

## 2. Change in accounting policy (continued)

The impact of this change in accounting policy on the statement of cash flows for the six months ended 30 June 2015 is set out below:

30 June 2015			
	As previously reported	Impact of change in accounting policy	Restated
	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Profit for the period	1,001	18	1,019
Adjustments for:			
Depreciation and amortisation	64	-	64
Net gains on investments	(3,453)	510	(2,943)
Translation differences	62	(62)	-
Interest income	(7)	-	(7)
Income tax expense	24	(24)	-
	(2,309)	442	(1,867)
Dividends received	-	11,130	11,130
Change in operating and other receivables	(106)	(11)	(117)
Change in operating and other payables	1,939	(1,199)	740
Change in amounts payable to subsidiaries	-	12,625	12,625
	(476)	22,987	22,511
Income tax expense	(24)	24	-
<b>Net cash (used in)/from operating activities</b>	(500)	23,011	22,511
<b>Cash flows from investing activities</b>			
Interest received	7	-	7
Acquisition of property, plant and equipment	(1)	-	(1)
Acquisition of investments	(549)	549	-
Proceeds from sale of investments	26,557	(26,557)	-
Other income from investments	682	(682)	-
<b>Net cash from/(used in) investing activities</b>	26,696	(26,690)	6
<b>Net increase in cash and cash equivalents</b>	26,196	(3,679)	22,517
Cash and cash equivalents at the beginning of the period	9,158	(5,981)	3,177
Effect of exchange rate fluctuations on cash held	(43)	43	-
<b>Cash and cash equivalents at the end of the period</b>	35,311	(9,617)	25,694



### 3. Gains/(losses) on investments

The gains and losses on investments were as follows:

Asset type	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	gains/(losses)	gains/(losses)		gains/(losses)	gains	
£'000	£'000	£'000	£'000	£'000	£'000	
Funds	183	22	205	(1,211)	(1,225)	(2,436)
Quoted	(23)	(1,236)	(1,259)	1,488	982	2,470
Unquoted	-	(723)	(723)	264	3,752	4,016
	160	(1,937)	(1,777)	541	3,509	4,050
Charges for incentive plans			(41)			(597)
			(1,818)			3,453
Operating and similar expenses of subsidiaries			(429)			(510)
			(2,247)			2,943

### 4. (Loss)/earnings per ordinary share

The calculation of the basic and diluted (loss)/earnings per share, in accordance with IAS 33, is based on the following data:

	Six months ended	
	30 June 2016	30 June 2015
	£'000	£'000
<b>(Loss)/earnings</b>		
(Loss)/earnings for the purposes of (loss)/earnings per share being net (loss)/profit attributable to equity holders of the parent	(3,870)	1,019
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	103,584,592	145,251,258
<b>Effect of dilutive potential ordinary shares</b>		
Share options and performance shares	78,531	78,531
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	103,663,123	145,329,789
<b>(Loss)/earnings per share</b>		
Basic	(3.7)p	0.7p
Diluted	(3.7)p	0.7p

## 5. Investments

Investments comprised the following:

	30 June 2016 £'000	31 December 2015 £'000
Investment portfolio	86,466	95,643
Cash	1,768	2,022
Operating and other receivables	1,168	446
Amounts receivable from parent company	119,732	125,622
Operating and other payables	(2,481)	(2,513)
Current tax liabilities	(875)	(715)
<b>Carrying value</b>	<b>205,778</b>	<b>220,505</b>

The movement in investments during the period was as follows:

	Six months ended 30 June 2016 £'000	Year ended 31 December 2015 £'000
Opening balance	220,505	249,357
Investment portfolio, net	(9,177)	(37,232)
Change in working capital and cash	3,725	39,688
Dividends paid	(9,275)	(31,308)
<b>Closing balance</b>	<b>205,778</b>	<b>220,505</b>

The carrying amounts included in the investment portfolio were as follows:

Asset type	30 June 2016			31 December 2015		
	UK £'000	US £'000	Total £'000	UK £'000	US £'000	Total £'000
Funds	13,206	22,849	36,055	18,602	21,168	39,770
Quoted	755	3,536	4,291	1,564	8,197	9,761
Unquoted	11,847	34,273	46,120	12,347	33,765	46,112
	<b>25,808</b>	<b>60,658</b>	<b>86,466</b>	<b>32,513</b>	<b>63,130</b>	<b>95,643</b>

## 6. Capital commitments

	30 June 2016 £'000	31 December 2015 £'000
Outstanding commitments to funds	3,580	3,961
	<b>3,580</b>	<b>3,961</b>

The outstanding commitments to funds comprise unpaid calls in respect of funds where one of the Company's subsidiaries is a limited partner.

## 7. Related party transactions

Transactions with related parties during the period were consistent in nature and scope with those disclosed in Note 19 to the Company's annual financial statements for the year ended 31 December 2015.

## 8. Subsidiaries

The Company's principal subsidiaries are as follows:

Name	Country of incorporation	Holding %	Activity
International Oilfield Services Limited	Bermuda	100	Investment holding
LMS Capital (Bermuda) Limited	Bermuda	100	Investment holding
LMS Capital (ECI) Limited	England and Wales	100	Investment holding
LMS Capital (General Partner) Limited	Bermuda	100	Investment holding
LMS Capital (GW) Limited	Bermuda	100	Investment holding
LMS Capital Group Limited	England and Wales	100	Investment holding
LMS Capital Holdings Limited	England and Wales	100	Investment holding
LMS NEP Holdings Inc	United States of America	100	Investment holding
Lioness Property Investments Limited	England and Wales	100	Investment holding
Lion Property Investments Limited	England and Wales	100	Investment holding
Lion Investments Limited	England and Wales	100	Investment holding
Lion Cub Investments Limited	England and Wales	100	Dormant
Lion Cub Property Investments Limited	England and Wales	100	Investment holding
Tiger Investments Limited	England and Wales	100	Investment holding
LMS Tiger Investments Limited	England and Wales	100	Investment holding
LMS Tiger Investments (II) Limited	England and Wales	100	Investment holding
Westpool Investment Trust PLC	England and Wales	100	Investment holding

In addition to the above, certain of the Company's carried interest arrangements are operated through five limited partnerships (LMS Capital 2007 LP, LMS Capital 2008 LP, LMS Capital 2009 LP, LMS Capital 2010 LP and LMS Capital 2011 LP) which are registered in Bermuda.

## Statement of Directors' responsibilities

The Directors listed on page 12 of the Company's Annual Report for the year ended 31 December 2015 continued in office during the six months ended 30 June 2016. On 16 June 2016 Rod Birkett was appointed as an independent non-executive Director; he was also appointed a member of the Audit, Remuneration and Nomination Committees.

We confirm that to the best of our knowledge:

- a the condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU; and
- b the interim management report includes a fair review of the information required by:
  - i DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - ii DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

N Friedlos  
Director

A Sweet  
Chief Financial Officer

3 August 2016

# Independent review report to LMS Capital plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Peter Lomax  
for and on behalf of KPMG LLP  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL

3 August 2016