2 August 2021

LMS CAPITAL PLC
Half year results for the six months ended 30 June 2021

Financial Update

- Net Asset Value ("NAV") at 30 June 2021 of £47.6 million, 59.0p per share, compared to £47.9 million (59.4p per share) at 31 December 2020;
- Realised and unrealised portfolio gains, excluding £0.2 million of foreign exchange losses, were £1.4 million;
- Running costs were £0.9 million and investment related costs were £0.1 million;
- Cash proceeds of £2.4 million from realisations during the half year;
- Final dividend payment in June 2021 of 0.6 pence per share for the year ended 31 December 2020; and
- Cash at 30 June 2021 was £21.4 million (31 December 2020: £20.6 million), including £5.9 million held in subsidiaries and representing approximately 26.5p per share.

.

Interim Dividend

- Under the Company's progressive annual dividend policy, the Board targets a dividend in respect of each financial year of approximately 1.5% of that year's closing net asset value.

- The Board has approved an interim dividend in respect of the Company's financial year to 31 December 2021 of 0.3 pence per share. The dividend will be paid on 15 September 2021 to shareholders on the share register at close of business on 13 August 2021 (with an ex-dividend date of 12 August 2021).

Robert Rayne, Chairman, commented:

"The first six months of 2021 have shown further progress including profitable realisations from our existing portfolio and continuing to execute our annual dividend policy. The continued regulatory delay to Dacian, the Romanian oil and gas company in which we have committed to invest, is frustrating and we are working hard to conclude the deal. We continue to look actively for the right opportunities to develop our deal pipeline and deploy capital in our chosen areas."

2 August 2021

Enquiries:
LMS Capital PLC
0207 935 3555
Robert Rayne, Chairman
Nick Friedlos, Managing Director

Statement from the Chairman and Managing Director

We are pleased to present the financial results of the Company for the first six months of the year and to provide an update on the business.

- Our portfolio valuations have increased during the half year. Overall portfolio valuations for the current investments are approximately 7% higher than the level reported at both 31 December 2020 and the 31 March 2021 NAV estimates;
- We received £2.4 million of cash proceeds from realisations, including a £1.5 million distribution from San Francisco Equity Partners ("SFEP") related to ICU Eyewear, £0.8 million from the redemption of the Northbridge convertible debt and £0.1 million of other fund distributions;
- Our cash balances increased to £21.4 million at 30 June 2021, compared to £20.6 million at 31 December 2020;
- We paid a final dividend of 0.6 pence per share for the year ended 31 December 2020, and the Board has approved an interim dividend of 0.3 pence per share for the 2021 year; and
- We continue to focus the investment strategy on our chosen sectors: energy, real estate and late-stage private equity.

Energy

- *Dacian*
  - The management team at Dacian, the Romanian oil and gas production business in which LMS has committed to invest, continue to await final regulatory approval in Romania for that company's first acquisition.
  - The approval process has taken substantially longer than anticipated. LMS remains in close contact with the management team in Romania and at this stage continues to believe that the merits of the investment outweigh the delay.

Real Estate

- The Company is working with two experienced teams – in each case unencumbered by existing assets and well positioned to take advantage of market opportunities which play to their respective strengths and have the potential to deliver attractive risk adjusted returns to LMS.

- *Development*
  - Cavera was established as a wholly-owned subsidiary of LMS to work with a successful real estate development team. The team were founders of Voreda, a development management business that obtained planning consent and developed over 90,000 square metres of space in West London for its partners, including student and key worker accommodation, residential and commercial space and specialist buildings.
  - The Cavera team is actively seeking opportunities where the risks can be appropriately allocated and managed and which can be structured as investment opportunities for LMS and its co-investment partners.

- *Investment*
    - LMS, in conjunction with an established team, is working to build a niche strategy based on regenerating income producing mixed use assets in regional UK town and city centres. The team has a succesful track record targeting returns of 12% to 15% per annum, net of all costs, including an annual income distribution of 5% per annum.
    - Covid-19 has had a significant impact on how we view our business model and in particular our selection criteria. We therefore proceed with caution but still see the opportunity to create value in this niche.

Late-stage private equity

- Late-stage private equity is a broadly defined sector and we have been shown a wide range of opportunities over the last 18 months since our return to internal management.
- In reviewing these we have sought to identify themes where we not only have the necessary expertise but also have some competitive advantages and can differentiate ourselves from the wider market. We are increasingly focused on opportunities which have some cross over with our energy and real estate activities and where new technology and innovation is creating the opportunity to improve returns in established business segments.
- We are building our pipeline and have broadened the network of people with whom we work. We hope to deploy capital during the second half of the year.

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Net asset value ("NAV") at 30 June 2021 was £47.6 million (59.0p per share). Before taking account of the final dividend for 2020 this represents a small increase in NAV compared to the prior year end; including the dividend this is a reduction of £0.3 million compared to the 31 December 2020 reported NAV of £47.9 million.

Overall portfolio realised and unrealised gains were £1.2 million, including unrealised exchange losses of £0.2 million primarily from the weakening of the US Dollar against sterling during the first six months of 2021.

Realised and unrealised portfolio changes, excluding unrealised foreign exchange losses, were £1.4 million, the principal items of which were:

- Quoted shares

    Overall, our quoted portfolio showed net unrealised gains of £0.1 million during the first half of 2021.

- Unquoted investments
    - Our unquoted portfolio recorded realised and unrealised net losses of £0.7 million;

    - The principal reductions were in relation to Medhost where we continue to follow the valuation of Primus, the fund manager who had reduced the valuation by approximately 7% reflecting movement in public market comparables; and
    - ICU, where the company decided to discontinue the sale of personal protective equipment ("PPE"), resulting in a decline in the valuation.

- Fund investments
    - Our fund investments showed unrealised gains of £2.0 million for the half year;
    - Our investment in Brockton has increased in value by £0.8 million, reflecting the unwind of the discount in our discounted cash flow valuation;
    - Our investment in Weber also increased by £0.6 million due to performance of the U.S. microcap equities held in the fund;
    - The Opus Capital Ventures fund increased by £0.4 million due to the two main technology investments in the fund; and
    - Other fund interests have increased in value by £0.2 million.

Non-portfolio reductions in NAV were £1.5 million and include overhead costs of £1.0 million (£0.9 million of running costs and £0.1 of investment related costs) and £0.5 million for the final 2020 dividend.

Liquidity

The Company and its subsidiaries have cash of £21.4 million available to cover its running costs, fund commitments and to make new investments. The Company, with its current cash balances, has more than sufficient liquidity to meet its planned investments and operating costs. In addition, the Company has deposited $9.1 million (£6.6 million) pending the final approval and completion of the Dacian transaction. Were that transaction not to complete, these funds would be returned to the Company.

The Company is considered to be a going concern and the accounts have been prepared on a going concern basis. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and have prepared liquidity forecasts for a three-year period from 1 July 2021.

DIVIDEND

The Company has adopted a progressive dividend policy where the target for each financial year is 1.5% of the year end NAV to be paid approximately one third as an interim dividend in September and the balance as a final dividend in the second quarter following the year end. The Board has approved the interim dividend for the 2021 year of 0.3 pence per share to be paid on 15 September 2021.

In setting the dividend policy, the Board has taken into account the general market conditions, the likely liquidity from the existing unquoted investments and the ability to generate income from new investments.

CONCLUSION AND OUTLOOK

The Board's objective is to broaden the Company's shareholder base and develop the Company into an attractive investment for family offices, high net worth investors, institutions and others attracted by the returns it achieves and the character of its investments. In order to achieve this, we will:

- Further develop our deal pipeline and deploy capital in our chosen sectors;
- Expand our co-investment programme; and
- Identify routes to expand the capital base of the Company.

Notwithstanding the impact of the Coronavirus pandemic, and whilst remaining cautious about the macro environment, we are mindful of the need to build our pipeline of opportunities and deploy capital.

We would like to express our appreciation to all those with whom we work, including our staff, service providers, advisory firms, management teams and our Board colleagues for their support and efforts in these challenging times.

We look forward to reporting to you further on our progress.

Robert Rayne
Chairman

Nicholas Friedlos
Managing Director

2 August 2021

Portfolio Management Review

INTRODUCTION

The Company and the Board are responsible for all aspects of the portfolio management following the Company's return to internal management with effect from 30 January 2020.

INVESTMENT APPROACH

The investment approach under internal management is now focused predominantly on three areas: real estate, energy and late stage private equity investments. The Company will focus on investment opportunities where it has a competitive advantage due to the Company's long history, including sectors in which the team has deep knowledge and experience, a track record of successful investing and access to exceptional teams and opportunities.

The Company will invest in and partner with management teams of profitable and cash generative businesses and investments to create value, targeting an annual return on equity of 12% to 15%, including an annual distribution to shareholders.

The Company will also seek to optimise the value of existing holdings and, where growth prospects are clear, to preserve and support longer term value creation.

MARKET BACKGROUND

The first half of 2021 has seen the beginning of a global economic recovery as markets began to emerge from the impacts of the Coronavirus pandemic. In the UK, the successful rollout of the Coronavirus vaccine program has had a positive impact on markets and the economy but there remain some challenges from the completion of the UK exit from the European Union and the resulting Brexit trade negotiations. Both the UK Aim and Small-cap indices increased 8.2% and 18.9%, respectively. The Bank of England continues to provide stimulus packages as inflation begins to rise, and the UK government has supported employment through state-funded furlough schemes. The US Dollar also weakened against sterling during the first half of 2021.

The Board and Company continue to closely monitor its portfolio investments, including impact that the current market volatility has on the valuations.

PERFORMANCE REVIEW

Cash in the Group at 30 June 2021 was £21.4 million (31 December 2020: £20.6 million), including £15.4 million held by the Company and £6.0 million held by subsidiaries. Significant outflows for the half year were £0.5 million for the final dividend payment for the year ended 31 December 2020 and £1.1 million of other net cash movements. Cash proceeds from realisations and distributions from funds have totaled £2.4 million.

The movement in Net Asset Value during the six months to 30 June 2021 was as follows:

	Six months ended 30 June 2021 £'000
Opening NAV	**47,923**
Gain on investments	**1,215**
Final dividend to shareholders for year to 31 December 2020	**(484)**
Overheads, tax and other net movements	**(1,062)**
Closing NAV	**47,592**

Cash realisations from the portfolio were as follows:

	Six months ended 30 June	
	2021 £'000	**2020 £'000**
Proceeds from the sale of investments	**750**	7,897
Distributions from funds and loan repayments	**1,687**	256
Total – gross	**2,437**	8,153
New and follow-on investments	**-**	(225)
Fund calls	**(43)**	(59)
Total – net	**2,394**	(7,869)

Net cash realisations of £2.4 million in the six months ended 30 June 2021 include:

- Proceeds of £0.8 million from the repayment of Northbridge convertible instrument;
- Fund distribution of £1.5 million from SFEP for ICU Eyewear; and
- Other fund distributions of £0.1 million.

The fund calls are primarily in respect of SFEP fund administrative costs.

Below is a summary of the investment portfolio of the Company and its subsidiaries:

Asset type	30 June 2021			31 December 2020		
	UK £'000	**US £'000**	**Total £'000**	**UK £'000**	**US £'000**	**Total £'000**
Quoted	**245**	**40**	**285**	119	78	197
Unquoted	**517**	**7,051**	**7,568**	1,226	8,912	10,138
Funds	**6,584**	**6,978**	**13,562**	5,808	6,050	11,858
	7,346	**14,069**	**21,415**	7,153	15,040	22,193

Basis of valuation:

Quoted investments

Quoted investments for which an active market exists are valued at the bid price at the reporting date.

Unquoted direct investments

Unquoted direct investments for which there is no ready market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment. Valuation methods that may be used include:

- investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable revenue or earnings;
- investments in a business the value of which is derived mainly from its underlying net assets rather than its earnings are valued on the basis of net asset valuation;
- investments in an established business which is generating sustainable revenue or positive earnings but for which other valuation methods are not appropriate are valued by calculating the discounted cash flow of future cash flows or earnings;
- investments in debt instruments or loan notes are determined on a standalone basis, with the initial investment recorded at the price of the transaction and subsequent adjustments to the valuation are considered for changes in credit risk or market rates. Convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model;
- Preference shares are valued at cost and using a different fair value methodology would not result in a material difference; and
- the Company adopted the latest IPEV guidelines effective from 1 January 2019 and in addition, the company adopted the IPEV special valuation guidelines issued in March 2020 in response to the significant uncertainty surrounding the Coronavirus pandemic.

Funds

Investments in managed funds are valued at fair value. The general partners of the funds will provide periodic valuations on a fair value basis, the latest available of which the Company will adopt provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods and that there have been no material events between the latest fund statement and the reporting date. Adjustments will be made to the fund valuation where the Company believes there is evidence that an alternative valuation is more appropriate.

Performance of the investment portfolio

The return on investments for the six months ended 30 June 2021 was as follows:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Realised Losses	Unrealised gains/(losses)	Total	Realised gains/(losses)	Unrealised Losses	Total
Asset type	£'000	£'000	£'000	£'000	£'000	£'000
Quoted	**-**	**88**	**88**	(335)	(257)	(592)
Unquoted	**(5)**	**(745)**	**(750)**	6	(1,171)	(1,165)
Funds	**-**	**1,877**	**1,877**	-	(3,450)	(3,450)
	(5)	**1,220**	**1,215**	(329)	(4,878)	(5,207)
Credit/(charge) for incentive plans			**43**			64
			1,258			(5,143)
Net (losses)/gains on foreign currency			**(168)**			672
Operating and similar expenses of subsidiaries			**(116)**			(325)
			974			(4,796)

The Company operates carried interest arrangements in line with normal practice in the private equity industry. The movement in incentive plans during the six months ended 30 June 2021 is a credit of £43,000.

Approximately 65.7% of the portfolio at 30 June 2021 is denominated in US dollars (31 December 2020: 68%) and the above table includes the impact of currency movements. In the six months ended 30 June 2021, the weakening of the US dollar against sterling over the period as a whole resulted in an unrealised foreign currency loss of £0.2 million (2020: unrealised gain 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.

Quoted investments

Company	Sector	30 June 2021 £'000	31 December 2020 £'000
IDE Group Holdings	UK technology	**245**	118
Global Green Solutions	US energy	**17**	62
Others	-	**23**	17
		285	197

The net gains/(losses) on the quoted portfolio arose as follows:

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000
Realised		
Solaredge Inc.	**-**	381
Gresham House plc	**-**	(716)
	-	(335)
Unrealised		
IDE Group Holdings	**127**	(309)
Global Green Solutions	**(44)**	-
Weatherford International	**-**	(6)
Other quoted holdings	**6**	57
Unrealised foreign currency (losses)/ gains	**(1)**	1
	88	(257)
Total net gains/(losses)	**88**	(592)

Unquoted investments

Company	Sector	30 June 2021 £'000	31 December 2020 £'000
Medhost Inc	US technology	**5,325**	5,704
ICU Eyewear*	US consumer	**1,661**	3,143
Northbridge	UK technology	**-**	755
Elateral	UK technology	**399**	399
IDE Group Holdings	UK technology	**118**	73
Yes To*	US consumer	**65**	64
		7,568	10,138

**These are co-investments with SFEP*

The net losses on the unquoted portfolio arose as follows:

	Six months ended 30 June	
	2021 £'000	**2020 £'000**
Realised		
Northbridge	**(5)**	**-**
Other	**-**	**6**
	(5)	**6**
Unrealised		
IDE Group	**45**	31
ICU Eyewear	**(361)**	871
YesTo	**2**	(269)
Northbridge Industrial Services	**-**	(111)
Elateral	**-**	(1,433)
Medhost	**(320)**	(764)
Unrealised foreign currency (losses)/ gains	**(111)**	504
	(745)	(1,171)
Total net losses	**(750)**	(1,165)

Valuations are sensitive to changes in the following two inputs:

- The operating performance of the individual businesses within the portfolio; and
- Changes in the revenue and profitability multiples and transaction prices of comparable businesses, which are used in the underlying calculations.

Comments on individual companies are set out below.

Medhost

Medhost is a co-investment with the funds of Primus Capital. Medhost's financial performance in 2021 is expected to be profitable and cash generative but broadly flat compared to 2020. The valuation reflects movements in the valuation of quoted comparable companies adopted by the fund manager Primus Capital.

ICU Eyewear

During 2020, ICU was able to generate surplus cash flow from the U.S. distribution of PPE manufactured by one of its international suppliers. This was a "one-off" opportunity from which the company was able to benefit. The cash generated was used to repay shareholder debt to LMS of £0.8 million in Q3 2020 and a further cash distribution of £1.5 million in the first half of 2021. The PPE business for ICU was an opportunistic response to the situation in 2020 and the ICU Board has decided that this does not represent an ongoing line of business for the company, and further activity will cease. The reduction in carrying value arises principally from the distribution of £1.5 million, reflected in the December 2020 valuation and received in early 2021. The unrealised loss for the period reflects a valuation reduction following cessation of PPE activities, partly offset by an uplift in valuation of the eyewear business.

Northbridge

During the first half of 2021, Northbridge offered its convertible debt holders the option to redeem the outstanding principal at a 25% premium. The Company elected to redeem its convertible debt, receiving proceeds of £0.8 million and recognising a nominal realised loss on the conversion.

Fund interests

General partner	Sector	30 June 2021 £'000	31 December 2020 £'000
Brockton Capital Fund 1	UK real estate	**4,900**	4.107
Opus Capital Venture Partners	US venture capital	**3,886**	3,505
Weber Capital Partners	US micro-cap quoted stocks	**2,343**	1,813
EMAC ILF	UK real estate	**805**	839
San Francisco Equity Partners	US consumer	**717**	699
Eden Ventures	UK venture capital	**497**	501
Simmons	UK energy	**382**	361
Other interests	-	**32**	33
		13,562	11,858

Net gains/(losses) on the Company's funds portfolio for the six months ended 30 June 2021 were as follows:

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000
Realised		
Other funds	-	-
	-	-
Unrealised		
Weber Capital Partners	**552**	195
Opus Capital Venture Partners	**422**	130
Simmons Parallel Energy	**48**	(89)
Eden Ventures	**122**	(152)
Brockton Capital Fund I	**792**	(1,669)
San Francisco Equity Partners	**64**	(1,992)
Others (net)	**(4)**	(375)
Unrealised foreign currency (losses)/gains	**(119)**	502
	1,877	(3,450)
Total net gain/(losses)	**1,877**	(3,450)

LMS Capital is the majority investor in SFEP (as opposed to the other fund interests where the Company has only a minority stake).

SFEP has one remaining investment, YesTo.

- YesTo – fund carrying value £0.7 million (31 December 2020: £0.6 million). A new management team was appointed in mid-2019 and is following a plan to restore growth and profitability. The company is valued primarily on a sales multiple. Based on current sales levels, LMS has attributed no value to its equity interest and has valued only its debt holding in YesTo.

In addition to the fund investments noted above, the Company has a directly held co-investment in YesTo of £0.1 million (31 December 2020: £0.1 million). The Company's total investment in YesTo at 30 June 2021, via its SFEP fund interest and its co-investment is £0.8 million (31 December 2020: £0.7 million).

Other fund interests

- Eden Ventures – Eden has now sold all but one of its assets. The unrealised gain reflects primarily the increase in value of its sole remaining asset;
- Brockton Capital Fund I –The Company's investment represents its share (via the Brockton Fund) of preferred debt investments in "High End" central London residential development. The investment showed an increase in the valuation for the six months ended 30 June 2021 primarily due to the unwinding of the discount rate as the investment is valued on a discounted cash flow basis;
- Weber Capital holds US publicly traded mid-cap securities and showed an unrealised gain of £0.6 million reflecting an increase in the underlying equity prices; and
- Opus Capital, a US venture fund, showed an unrealised gain of £0.4 million from improvements in its main assets.

Overhead costs

Overheads for the six months to 30 June 2021 (including amounts incurred by subsidiaries) were £1.0 million (six months to 30 June 2020: £0.9 million) and include £0.9 million of running costs and £0.1 million of investment related costs.

Taxation

The Group corporation tax charge for the period is £0.1 million (2020: £0.3 million).

Financial resources and commitments

At 30 June 2021 cash holdings, including cash in subsidiaries, were £21.4 million (31 December 2020: £20.6 million) and neither the Company nor any of its subsidiaries had any debt.

At 30 June 2021, subsidiary Companies had commitments of £2.7 million (31 December 2020: £2.7 million) to meet outstanding capital calls from fund interests.

LMS Capital plc
2 August 2021

Condensed Income Statement

	Notes	Six months ended 30 June 2021 £'000	2020 £'000
Net gains/(losses) on investments	2	**974**	(4,796)
Interest income		**22**	66
Other Income		**8**	2
		1,004	(4,728)
Operating expenses		**(938)**	(770)
Net gain/(loss) on foreign currency		**72**	(571)
Gain/(loss) before tax		**138**	(6,069)
Taxation		**-**	-
Profit/(loss) for the period		**138**	(6,069)
Attributable to:			
Equity shareholders		**138**	(6,069)
Profit/(loss) per ordinary share - basic	3	**0.2p**	(7.5p)
Profit/(loss) per ordinary share - diluted	3	**0.2p**	(7.5p)

The notes on pages 21 to 35 form part of these Financial Statements.

Condensed Statement of Other Comprehensive Income

	Six months ended 30 June	
	2021	**2020**
	£'000	**£'000**
Profit/(loss) for the period	**138**	(6,069)
Other comprehensive income	**-**	-
Total comprehensive profit/(loss) for the period	**138**	(6,069)
Attributable to:		
Equity shareholders	**138**	(6,069)

The notes on pages 21 to 35 form part of these Financial Statements.

Condensed Statement of Financial Position

	Notes	30 June 2021 £'000	31 December 2020 £'000
Non-current assets			
Right of use assets		**111**	125
Investments	5	**71,054**	70,610
Total non-current assets		**71,165**	70,735
Current assets			
Operating and other receivables		**75**	67
Cash and cash equivalents		**15,429**	16,385
Total current assets		**15,504**	16,452
Total assets		**86,669**	87,187
Current liabilities			
Operating and other payables		**(357)**	(415)
Amounts payable to subsidiaries		**(38,630)**	(38,747)
Total current liabilities		**(38,987)**	(39,162)
Non-current liabilities			
Other long-term liabilities		**(90)**	(102)
Total non-current liabilities		**(90)**	(102)
Total liabilities		**(39,077)**	(39,264)
Net assets		**47,592**	47,923
Equity			
Share capital		**8,073**	8,073
Share premium		**508**	508
Capital redemption reserve		**24,949**	24,949
Share-based equity		**49**	34
Retained earnings		**14,013**	14,359
Total equity shareholders' funds		**47,592**	47,923
Net asset value per ordinary share		**58.95p**	59.36p

The Financial Statements on pages 16 to 20 were approved by the Board on 2 August 2021 and were signed on its behalf by:

Nicholas Friedlos
Director

The notes on pages 21 to 35 form part of these Financial Statements.

Statement of Changes in Equity

Six months ended 30 June 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based equity £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	**8,073**	**508**	**24,949**	**34**	**14,359**	**47,923**
Comprehensive income for the period						
Profit for the period	**-**	**-**	**-**	**-**	**138**	**138**
Equity after total comprehensive income for the period	**8,073**	**508**	**24,949**	**34**	**14,497**	**48,061**
Contributions by and distributions to shareholders						
Share-based payments	**-**	**-**	**-**	**15**	**-**	**15**
Dividends (note 4)	**-**	**-**	**-**	**-**	**(484)**	**(484)**
Balance at 30 June 2021	**8,073**	**508**	**24,949**	**49**	**14,013**	**47,592**

Six months ended 30 June 2020

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based equity £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	8,073	508	24,949	-	22,428	55,958
Comprehensive income for the period						
Loss for the period	-	-	-	-	(6,069)	(6,069)
Equity after total comprehensive loss for the period	8,073	508	24,949	-	16,359	49,889
Contributions by and distributions to shareholders						
Share-based payments	-	-	-	-	-	-
Dividends	-	-	-	-	(3,431)	(3,431)
Balance at 30 June 2020	8,073	508	24,949	-	12,928	46,458

The notes on pages 21 to 35 form part of these Financial Statements.

Condensed Cash Flow Statement

	Notes	Six months ended 30 June 2021 £'000	2020 £'000
Cash flows from operating activities			
Profit/ (loss) for the period		**138**	(6,069)
Adjustments for non-cash income and expense:			
Equity settled share-based payment		**15**	-
Depreciation on right of use assets		**14**	-
Interest expense on lease		**4**	-
(Gains)/ losses on investments	2	**(974)**	4,796
Other income		**(22)**	(2)
Interest income		**(8)**	(66)
Adjustments to incentives plans		**6**	-
Exchange losses on cash and cash equivalents		**7**	40
		(820)	(1,341)
Change in operating assets and liabilities			
(Increase)/decrease in operating and other receivables		**(8)**	105
Decrease in operating and other payables		**(70)**	(1,219)
(Decrease)/increase in amounts payable to subsidiaries		**(328)**	105
Net cash used in operating activities		**(1,226)**	(2,310)
Cash flows from Investing activities			
Interest received		**22**	72
Other income received		**8**	-
Proceeds from sale of investments		**-**	5,190
Proceeds from redemption of loan investment		**750**	-
Net cash from investing activities		**780**	5,262
Cash flows from financing activities			
Dividend paid		**(484)**	(3,431)
Repayment of lease liabilities		**(19)**	-
Net cash used in financing activities		**(503)**	(3,431)
Net decrease in cash and cash equivalents		**(949)**	(479)
Exchange losses on cash and cash equivalents		**(7)**	(40)
Cash and cash equivalents at the beginning of the period		**16,385**	25,079
Cash and cash equivalents at the end of the period		**15,429**	24,560

The notes on pages 21 to 35 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 interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the board of directors on 17 April 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Financial Statements have been reviewed, not audited.

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. 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 2020 which were prepared in accordance with International Financial Reporting Standards.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, 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 2020.

Basis of preparation
On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. LMS Capital Plc transitioned to UK-adopted International Accounting Standards in its Financial Statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

This condensed interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Notes to the financial information

1. Principal accounting policies (continued)

Basis of preparation (continued)
Consistent with the year ended 31 December 2020, the Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company satisfies the criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Consolidated and Separate Financial Statements". Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement" and IFRS 9 "Financial Instruments: Recognition and Measurement".

The Company is considered to be a going concern and the accounts have been prepared on a going concern basis. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and have prepared liquidity forecasts for a three-year period from 1 July 2021. In preparing this liquidity forecast, consideration has been given to the expected impact of Covid-19 on the Company and the wider Group.

IFRS 16 – Leases
IFRS 16 Leases was issued in January 2016 and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

To determine the split between principal and interest in the lease, the Company is required to estimate the interest it would have to pay in order to finance payments under the new lease. The interest rate used by the Company is based on the incremental borrowing rate of 6.5%. The term of the lease is 5 years and when the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Notes to the financial information

1. Principal accounting policies (continued)

IFRS 2 – Share-based payment

IFRS 2 – Share-based payment requires an entity to recognise equity-settled share-based payments measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, together with a corresponding increase in other capital reserves, based upon the Company's estimate of the shares that will eventually vest, which involves making assumptions about any performance and service conditions over the vesting period. The vesting period is determined by the period of time the relevant participant must remain in the Company’s employment before the rights to the shares transfer unconditionally to them. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates on the number of awards it expects to vest based on the service conditions.

Any awards granted are to be settled by the issuance of equity are deemed to be equity settled share-based payments, accounted for in accordance with IFRS 2 "Share-Based Payment”.

Where the terms of an equity-settled transaction are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Per the management share plan, the vesting period for any awards issued can be up to 5 years and subject to certain conditions. The first awards were issued in the year ended 31 December 2020 and there have been no new issuances in the period ended 30 June 2021.

Accounting for subsidiaries

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company continues to satisfy the three essential criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements". The three essential criteria are such that the entity must:

- obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
- commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
- measure and evaluate the performance of substantially all of its investments on a fair value basis.

Notes to the financial information

1. Principal accounting policies (continued)

Accounting for subsidiaries (continued)
In satisfying the second essential criteria, the notion of an investment timeframe is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. Although the Company has invested in equity interests that have an indefinite life, it invests typically for a period of up to ten years. In some cases, the period may be longer, depending on the circumstances of the investment, however, investments are not made with intention of indefinite hold. This is a common approach in the private equity industry.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement" and IFRS 9 "Financial instruments".

The Company's subsidiaries, which are wholly - owned and over which it exercises control, are listed in note 8.

Use of estimates and judgements
The preparation of the Financial Statements require 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. Estimates and underlying assumptions are reviewed on an ongoing basis; revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving significant judgements are:

- valuation technique selected in estimating fair value of unquoted investments – note 5
- valuation technique selected in estimating fair value of investment held in Funds – note 5
- recognition of deferred tax asset for carried forward tax losses

The areas involving significant estimates are:

- estimate inputs used in calculating fair value of unquoted investments – note 5
- estimated inputs used in calculating fair value of investment held in Funds – note 5
- estimates in calculating the fair value of equity awards
- estimate percentage of incremental borrowing rate on lease liability
- estimate in calculating share option for equity awards

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have financial impact on the entity and that are believed to be reasonable under the circumstances.

Investments in subsidiaries
The Company's investments in subsidiaries are stated at fair value which is considered to be the carrying value of the net assets of each subsidiary. On disposal of such investments the difference between net disposal proceeds and the corresponding carrying amount is recognised in the income statement.

Notes to the financial information

1. Principal accounting policies (continued)

Valuation of investments
The Company and its subsidiaries manage their investments with a view to profit from the receipt of dividends and increase in fair value of equity investments which can be realised on sale. Therefore, all quoted, unquoted and managed fund investments are realised on sale and carried in the Statement of Financial Position at fair value.

Fair values have been determined in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. These guidelines require the valuer to make judgments as to the most appropriate valuation method to be used and the results of the valuations.

Quoted investments
Quoted investments for which an active market exists are valued at the bid price at the reporting date.

Unquoted direct investments
Unquoted direct investments for which there is no ready market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment. Valuation methods that may be used include:

- investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable revenue or earnings;
- investments in a business the value of which is derived mainly from its underlying net assets rather than its earnings are valued on the basis of net asset valuation; and
- investments in an established business which is generating sustainable revenue or earnings but for which other valuation methods are not appropriate are valued by calculating the discounted cash flow of future cash flows or earnings;
- investments in debt instruments or loan notes are determined on a standalone basis, with the initial investment recorded at the price of the transaction and subsequent adjustments to the valuation are considered for changes in credit risk or market rates. Convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model;
- Preference shares are valued at cost and using a different fair value methodology would not result in a material difference; and
- the Company adopted the latest IPEV guidelines effective from 1 January 2019 and in addition, the company adopted the IPEV special valuation guidelines issued in March 2020 in response to the significant uncertainty surrounding the Coronavirus pandemic.

Notes to the financial information

1. Principal accounting policies (continued)

Funds

Investments in managed funds are valued at fair value. The General Partners of the funds will provide periodic valuations on a fair value basis, the latest available of which the Company will adopt provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods. Adjustments will be made to the fund valuation where the Company believes there is evidence available for an alternative valuation.

Impairment of financial assets

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses from possible default events within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the expected credit losses decrease.

Carried interest

The Company historically offered its executives, including Board executives, the opportunity to participate in the returns from successful investments. A variety of incentive and carried interest arrangements were put in place during the years up to and including 2011. No new schemes have been introduced since. As is commonplace in the private equity industry, executives may, in certain circumstances, retain their entitlement under such schemes after they have left the employment of the Company. The liability under such incentive schemes is accrued if its performance conditions, measured at the balance sheet date, would be achieved if the remaining assets in that scheme were realised at their fair value at the balance sheet date. An accrual is made equal to the amount which the Company would have to pay to any remaining scheme participants from a realisation at the balance sheet value at the balance sheet date. Employer's national insurance, where applicable, is also accrued.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date and exchange differences are included in the income statement.

Notes to the financial information

1. Principal accounting policies (continued)

Operating and other receivables
Operating and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. The assets held at amortised cost are immaterial.

Cash and cash equivalents
Cash, for the purpose of the cash flow statement, comprises of cash in hand and cash equivalents.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities
The Company's financial liabilities include operating and other payables. These are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method.

Dividend payable
Dividend distributions to shareholders are recognised as a liability in the Company's Financial Statements when approved at an Annual General Meeting by the shareholders for final dividends. Interim dividends are recognised when paid.

Income

Gains and losses on investments
Realised and unrealised gains and losses on investments are recognised in the income statement in the period in which they arise.

Interest income
Interest income is recognised as it accrues using the effective interest method.

Dividend income
Dividend income is recognised on the date the Company's right to receive payment is established.

Expenditure

Income tax expense
Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Notes to the financial information

1. Principal accounting policies (continued)

Expenditure (continued)

Income tax expense *(continued)*
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2. Net gains/(losses) on investments

The gains and losses on investments were as follows:

	Six months ended 30 June 2021			**Six months ended 30 June 2020**		
Asset type	**Realised gains/(losses) £'000**	**Unrealised gains/(losses) £'000**	**Total £'000**	**Realised gains/(losses) £'000**	**Unrealised gains/(losses) £'000**	**Total £'000**
Quoted	**-**	**88**	**88**	(335)	(257)	(592)
Unquoted	**(5)**	**(745)**	**(750)**	6	(1,171)	(1,165)
Funds	**-**	**1,877**	**1,877**	-	(3,450)	(3,450)
	(5)	**1,220**	**1,215**	(329)	(4,878)	(5,207)
Credit for incentive plans			**43**			64
			1,258			(5,143)
Net (losses)/gains on foreign currency			**(168)**			672
Operating and similar expenses of subsidiaries			**(116)**			(325)
			974			(4,796)

Notes to the financial information

2. Net gains/(losses) on investments (continued)

In September 2020, a subsidiary of the Company deposited £7 million for an investment in Dacian Petroleum, a Romanian oil and gas production company. The completion of the transaction is subject to regulatory and local government approvals in Romania, which are progressing. The £7 million investment is structured primarily as debt with a 7-year maturity and bearing interest at 14% per annum from 20 September 2020. The subsidiary has not recognised the interest income of £0.7 million as the transaction was not complete at 30 June 2021 but continues to believe it is probable that the approvals will be obtained and the transaction will close.

3. Profit/(loss) per ordinary share

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

	Six months ended	
	30 June 2021 £'000	30 June 2020 £'000
Profit/(loss)		
Profit/(loss) for the purpose of net profit/(loss) per share attributable to equity holders of the parent	**138**	(6,069)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	**80,727,450**	80,727,450
Profit/(loss) per share		
Basic	**0.2p**	(7.5p)
Diluted	**0.2p**	(7.5p)

4. Dividends

Dividends declared during the period ending 30 June 2021 and 30 June 2020 are as follows.

	Dividend date	Payment date	Dividend £'000	Dividend pence per share
Special interim dividend	20 December 2019	14 January 2020	3,431	4.25
Total as at 30 June 2020			3,431	4.25
Final dividend	21 May 2021	14 June 2021	**484**	**0.6**
Total as at 30 June 2021			**484**	**0.6**

The Board has approved the interim dividend for the 2021 year of 0.3 pence per share to be paid on 15 September 2021.

Notes to the financial information

5. Investments

The Company’s investments comprised the following:

	30 June 2021 £'000	31 December 2020 £'000
Total investments	**71,054**	70,610
These comprise:		
Investment portfolio of the Company	**-**	755
Investment portfolio of subsidiaries	**21,415**	21,438
Investment portfolio total	**21,415**	22,193
Other net assets of subsidiaries	**49,639**	48,417
	71,054	70,610

The carrying amounts of the Company and its subsidiaries investment portfolios were as follows:

		30 June		31 December
Investment portfolio of the Company		**2021**		**2020**
Asset type	**£'000**	**£'000**	**£'000**	**£'000**
Quoted		**-**		-
Unquoted		**-**		755
Funds		**-**		-
		-		755
Investments portfolio of subsidiaries				
Asset type				
Quoted	**285**		197	
Unquoted	**7,568**		9,383	
Funds	**13,562**		11,858	
Investment portfolio of subsidiaries	**21,415**		21,438	
Other net assets of subsidiaries	**49,639**		48,417	
	71,054	**71,054**	69,855	69,855
		71,054		70,610

Notes to the financial information

5. Investments (continued)

The movements in the investment portfolio were as follows:

	Quoted securities £'000	Unquoted securities £'000	Funds £'000	Total £'000
Carrying value				
Balance at 1 January 2020	**8,421**	**9,713**	**14,107**	**32,241**
Purchases	**424**	**249**	**906**	**1,579**
Proceeds from disposals	**(7,715)**	**-**	**-**	**(7,715)**
Distributions from partnerships	**-**	**(894)**	**(965)**	**(1,859)**
Fair value adjustments	**(933)**	**1,070**	**(2,190)**	**(2,053)**
Balance at 31 December 2020	**197**	**10,138**	**11,858**	**22,193**
Balance at 1 January 2021	**197**	**10,138**	**11,858**	**22,193**
Proceeds from disposals	**-**	**(750)**	**-**	**(750)**
Distributions from partnerships	**-**	**(1,471)**	**(216)**	**(1,687)**
Contribution from partnership	**-**	**-**	**43**	**43**
Fair value adjustments	**88**	**(750)**	**1,877**	**1,215**
Other adjustment*	**-**	**401**	**-**	**401**
Balance at 30 June 2021	**285**	**7,568**	**13,562**	**21,415**

*The Company's 31 December 2020 unquoted securities investment fair value included a provision for overseas tax on dividends expected to be received. That dividend was received in the first half of 2021, and the remaining liabilities of £0.4 million related to this tax have been reclassified to current liabilities at 30 June 2021. This reclassification is included in the Other adjustments line in the table above.

The following table analyses investments carried at fair value at the end of the period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs such as trading comparables and liquidity discounts).

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information.

Notes to the financial information

5. Investments (continued)

The significant unobservable inputs used at 30 June 2021 in measuring investments categorised as level 3 in this note are considered below:

1. Unquoted securities (carrying value £7.6 million) are valued using the most appropriate valuation technique such as a revenue-based approach, an earnings-based approach, or a discounted cash flow approach. These investments are sensitive to both the overall market and industry specific fluctuations that can impact multiples and comparable company valuations. In most cases the valuation method uses inputs based on comparable quoted companies for which the key unobservable inputs are:

    - EBITDA multiples in the range 4-8 times dependent on the business of each individual company, its performance and the sector in which it operates;

    - revenue multiples in the range 0.3-4.0 times, also dependent on attributes at individual investment level; and

    - discounts applied of up to 90%, to reflect the illiquidity of unquoted companies compared to similar quoted companies. The discount used requires the exercise of judgement taking into account factors specific to individual investments such as size and rate of growth compared to other companies in the sector.

2. Investments in funds (carrying value £13.6 million) are valued using reports from the general partners of the fund interests with adjustments made for calls, distributions and foreign currency movements since the date of the report (if prior to 30 June 2021). The Company also carries out its own review of individual funds and their portfolios to satisfy ourselves that the underlying valuation bases are consistent with our basis of valuation and knowledge of the investments and the sectors in which they operate. However, the degree of detail on valuations varies significantly by fund and, in general, details of unobservable inputs used are not available.

The valuation of the investments in subsidiaries makes use of multiple interdependent significant unobservable inputs and it is impractical to sensitise variations of any one input on the value of the investment portfolio as a whole. Estimates and underlying assumptions are reviewed on an ongoing basis however inputs are highly subjective. Changes in any one of the variables, earnings or revenue multiples or illiquidity discounts could potentially have a significant effect on the valuation.

Notes to the financial information

5. Investments (continued)

The Company's investments are analysed as follows:

	30 June 2021 £'000	31 December 2020 £'000
Level 1	**-**	-
Level 2	**-**	755
Level 3	**71,054**	69,855
	71,054	70,610

The reconciliation between opening and closing balance of level 3 assets are presented in the table below:

	30 June 2021 £'000	31 December 2020 £'000
Opening balance	**70,610**	127,647
Unrealised gains/ (losses)	**2,088**	(56,757)
Purchases, sales, issues and settlements	**(1,644)**	(280)
Closing balance	**71,054**	70,610

Level 3 amounts include £21,415,000 (2020: £21,438,000) relating to the investment portfolios of subsidiaries including quoted investments of £285,000 (2020: £197,000) and £49,639,000 (2020: £48,417,000) in relation to the other net assets of subsidiaries.

There were no transfers between levels during the period ending 30 June 2021.

If the valuation for level 3 category investments declined by 10% from the amount at the reporting date, with all other variables held constant, the profit for the six months ended 30 June 2021 would have decreased by £7.1 million (2020: £7.0 million). An increase in the valuation of level 3 category investments by 10% at the reporting date would have an equal and opposite effect.

The valuation of the investments in subsidiaries makes use of multiple interdependent significant unobservable inputs and it is impractical to sensitise variations of any one input on the value of the investment portfolio as a whole. Estimates and underlying assumptions are reviewed on an ongoing basis, however, inputs are highly subjective. Changes in any one of the variables, earnings or revenue multiples or illiquidity discounts could potentially have a significant effect on the valuation.

Notes to the financial information

6. Capital commitments

	30 June	31 December
	2021	2020
	£'000	£'000
Outstanding commitments to funds	**2,717**	2,717
	2,717	2,717

The outstanding commitments to funds comprise of unpaid calls in respect of funds where a subsidiary of the Company is a Limited Partner.

7. Related party transactions

The related parties of LMS Capital plc are its Directors.

The salary paid for the Directors of the Company for the period was £232,180 (June 2020: £210,097) and the Directors fee of the subsidiaries was £21,734 (June 2020: £24,177).

With effect from 24 June 2020, the Company entered into a lease agreement with The Rayne Foundation in respect of the premises comprising its principal office. Under the terms of the lease, the Company paid rent of £24,585 (2020: £16,390) to The Rayne Foundation. Robert Rayne is the Chairman of The Rayne Foundation.

As at 30 June 2021, the following shareholders of the Company that are related to LMS Capital Plc had the following interests in the issued shares of the Company:

	30 June	31 December
	2021	2020
Share Holders	**Number of Shares**	**Number of Shares**
R Rayne	2,670,124 Ordinary Shares	2,670,124 Ordinary Shares
N Friedlos	161,410 Ordinary Shares	161,410 Ordinary Shares
P Harvey	20,000 Ordinary Shares	20,000 Ordinary Shares
G Stedman	20,000 Ordinary Shares	20,000 Ordinary Shares

Notes to the financial information

8. Subsidiaries

The Company's 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 (General Partner) 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
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 Property Investments Limited	England and Wales	100	Dormant
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
Cavera Limited	England and Wales	100	Trading
LMS Co-Invest Limited	England and Wales	100	Trading

The registered office address of the Company's subsidiaries are as follow:

Subsidiaries incorporated in England and Wales: 3 Bromley Place, London, United Kingdom, W1T 6DB.

Subsidiaries and partnerships incorporated in Bermuda: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

9. Net asset value per share

The net asset value per ordinary shares in issue are as follows:

	30 June 2021 £'000	**31 December 2020 £'000**
Net asset value (£'000)	**47,592**	47,923
Number of ordinary shares in issue	**80,727,450**	80,727,450
Net asset value per share (in pence)	**59.0 pence**	59.4 pence

10. Subsequent Event

There are no subsequent events that would materially affect the interpretation of these Financial Statements.

Statement of Directors' responsibilities

The Directors listed on pages 26-27 of the Company's Annual Report for the period ended 30 December 2020 continued in office during the six months ended 30 June 2021.

We confirm that to the best of our knowledge:

a the condensed Financial Statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority; 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.

Nicholas Robert Friedlos

Director

2 August 2021

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 2021 which comprises the Condensed Income Statement, Condensed Statement of other comprehensive income, Condensed Statement of Financial Position, Statement of Changes in Equity and the Condensed Cash Flow Statement and all accompanying 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.

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 Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual Financial Statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of Financial Statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, ''Interim Financial Reporting''.

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 Financial Reporting Council for use in the United Kingdom. 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 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 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London
2 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).