1 August 2022

LMS CAPITAL PLC
Half year results for the six months ended 30 June 2022

Financial Update

- Net Asset Value ("NAV") at 30 June 2022 of £47.0 million, 58.2p per share, compared to £49.1 million (60.8p per share) at 31 December 2021;
- net realised and unrealised portfolio losses, including £2.6 million of foreign exchange gains, were £1.3 million;
- running costs were £0.9 million and investment related costs were £0.2 million;
- cash proceeds of £0.4 million from realisations during the half year;
- final dividend payment in May 2022 of 0.625 pence per share for the year ended 31 December 2021; and
- cash at 30 June 2022 was £18.9 million (31 December 2021: £20.1 million), including £3.2 million held in subsidiaries.

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 2022 of 0.3 pence per share. The dividend will be paid on 12 September 2022 to shareholders on the share register at close of business on 12 August 2022 (with an ex-dividend date of 11 August 2022).

Robert Rayne, Chairman, commented:

"The first six months of 2022 have been challenging due to the overall market conditions and the consequential impact on capital markets and valuations. The team running our most recent investment, Dacian Petroleum, are making good progress and the business has been cash generative since day one. We continue to focus on identifying opportunities in our three main investment themes, energy, real estate and late stage private equity.

1 August 2022

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

Statement from the Chairman and the Managing Director

We are pleased to report the financial results of the Company for the first six months of the year 2022 and to provide an update on our portfolio and the direction of the overall business.

After adjusting for the payment of the final dividend of 0.625 pence per share on the 2021 year, the overall NAV at 30 June 2022 is down 3.3% from the 31 December 2021 position and down 5.7% compared to 31 March 2022.

The movements are discussed in more detail below. Overall the NAV has benefitted from portfolio unrealised foreign exchange gains reflecting the strengthening of the U.S. Dollar against sterling. Underlying investment valuations overall have reduced, largely reflecting reductions in the public market comparables and transaction evidence used in the valuation exercise rather than adverse changes in the underlying businesses.

The Dacian team have now been operating the business for some 8 months and are making good progress. The business is EBITDA and cash flow positive.

Principal risks

Details on the Group's principal risks and previously identified material existing and emerging risks and how such risks are manage is available in the LMS Capital plc Annual Report 2021 (pages 22 to 23), or online at www.lmscapital.com. There have been no significant changes to these principal risks or previously identified material existing and emerging risks in the period other than as set out below.

We have continued to monitor the impact of the Russian invasion of Ukraine, and there has been no significant direct impact on our portfolio investments. We do not hold any investments that have operations in Russia or Ukraine. As previously reported, Elateral, our investment in the digital marketing sector, utilises contract staff in Ukraine, Russia and Belarus for its software development and has implemented a plan to manage the disruption.

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

<u>Net Asset Value ("NAV") overview</u>

The NAV of the company at 30 June 2022 was £47.0 million, 58.2 pence per share (31 December 2021 £49.1 million, 60.8 pence per share). After dividend payments of £0.5 million, this represents a decrease of £1.6 million on the 2021 year end and comprises:

- net increase in the portfolio from £2.6 million of foreign exchange gains from the strengthening of the US Dollar against sterling;
- net decrease of £3.9 million being unrealised net reductions in value on the mature asset portfolio;
- increase of £0.6 million being accrued interest on Dacian;
- fee income of £0.1 million from our Dacian investment;
- running costs of £0.9 million and investment related costs of £0.2 million principally associated with developing real estate deal opportunities; and
- other net increase £0.1 million.

The Company’s NAV comprises three distinct groups of assets:

Mature Investments – 30 June 2022 NAV £20.8 million (25.8 pence per share)
The Mature Portfolio comprises investments which originate from the Company’s strategy pre-2012 and are currently managed with a view to optimising the realisation values. It is our expectation that these assets will be substantially realised over the next 1-3 years.

During the first half of 2022, this group of investments had realised and unrealised net losses of £2.2 million, including foreign exchanges gains of £1.7 million from the strengthening of the U.S. Dollar against sterling.

Unrealised portfolio losses, excluding foreign exchange gains, were £3.9 million, the principal items of which were:

- Quoted shares

Overall, our quoted portfolio showed net unrealised losses of £0.2 million during the first half of 2022.

- Unquoted investments

Our unquoted portfolio recorded net unrealised losses of £2.9 million:

  - Medhost, where we continue to follow the valuation of Primus, the lead investment manager, shows an unrealised loss of £1.1 million as the fund manager reduced its most recent valuation. Medhost operates in a mature market and it continues to be cash generative and perform in line with budget;
  - ICU shows an unrealised loss of £1.4 million, reflecting a decrease in the valuation based on current market conditions and indicative valuations during the early stages of an exit process currently underway; and
  - Elateral reduced by £0.4 million during the first half of 2022. The company has historically focused on winning key multinational clients, which it has generally been successful in retaining. However, the sales cycle to such clients is slow and achieve its valuation potential the company needs to demonstrate more rapid revenue growth, in particular in the SME sector. The write down reflects the company’s need for working capital support, over and above what was expected, whilst it implements a new sales growth plan.

- Fund investments

Our fund investments showed net unrealised losses of £0.8 million for the half year:

  - Opus increased by £0.9 million, primarily due to the increase in the fund manager’s valuation of one of its key remaining assets;
  - our investment in Brockton has increased by £0.4 million, mainly reflecting the unwinding of the discount in our discounted cash flow valuation;
  - our investment in Weber decreased by £1.1 million due to performance of the U.S. microcap equities held in the fund;
  - Eden recorded an unrealised loss of £0.4 million as the fund manager wrote down its last remaining investment to its anticipated exit value;

- our investment in EMAC was written down by £0.4 million due to prevailing market conditions and as the fund has encountered challenges in selling its remaining assets; and
- other fund investments recorded net unrealised losses of £0.2 million.

New Investments – 30 JUNE 2022 NAV £9.4 million (11.7 pence per share)
New Investments comprise the Company's investment in Dacian, which has now been operating for 7 months to the end of June 2022 and continues to make good progress. Energy prices are substantially higher than when the deal was originally underwritten in August 2020. Set against this is a significant well maintenance backlog that has created a number of interruptions to production in the early months of operation and has diverted the team from some of its planned workover projects that have been identified to increase production. The team is gradually managing the reactive maintenance needs, conducting some workover projects and has managed to increase production since its initial operations in November 2021. The business is EBITDA positive and cash generative to date.

During the first half of 2022, this investment had unrealised net foreign exchange gains of £0.9 million from the strengthening of the U.S. Dollar against sterling.

The Company's accrued interest on the loans through which the investment is structured have added £0.6 million to NAV in the first half of 2022.

The Company has also benefitted from £0.1 million being the first six months of fee income from Dacian. This income offsets our running costs.

Liquidity – Cash less other net liabilities
Cash
Cash balances in the Company and its subsidiaries at 30 June 2022 were £18.9 million (31 December 2021: £20.1 million).

Significant outflows during the six months were £1.6 million, the cash portion of running costs and investment related costs, £0.5 million of dividend payments, £0.3 million of new capital invested in Elateral and £0.1 million of fund calls.

Portfolio inflows were £0.4 million and include a £0.3 million distribution from Medhost for the redemption of preferred shares plus accrued interest and £0.1 million of other fund distributions.

Net Liabilities
Net liabilities of £2.2 million consist primarily of accruals for income taxes, historic carried interest liabilities for one remaining asset and other sundry costs.

DIVIDEND POLICY
A final dividend of 0.625 pence per share for the year ended 31 December 2021 was approved by shareholders at the AGM in May 2022 and paid in early June 2022.

The Board has approved the interim dividend for the 2022 year of 0.3 pence per share to be paid on 12 September 2022 to shareholders on the share register at close of business on 12 August 2022 (with an ex-dividend date of 11 August 2022).

NEW INVESTMENT
We continue to focus on our three themes, energy, real estate and – where there is some cross over with our two main themes – later stage private equity.

In energy, we anticipate further opportunities to invest with the Dacian team in late life oil and gas production opportunities, although the priority for the team for the rest of this year is to focus on “bedding in” the initial acquisition.

On the real estate development side we see opportunities in developing specialist use real estate and to that end have been looking at retirement living as a sector with strong demand drivers and where our real estate land assembly and planning skills can be deployed. We are investigating several potential sites, but in evaluating those sites are mindful of the current escalating construction costs and general economic uncertainty. This is a medium to long-term project and we will only take sites forward if we are clear that the risk adjusted returns are acceptable and consistent with the Company’s overall returns criteria.

On the real estate investment side we anticipate opportunities arising in the coming months to acquire assets arising and are positioning ourselves to be able to take advantage of market conditions. The focus will be on smaller lot sizes, where we believe there is less competition from other buyers, and across sectors where we see value.

CONCLUSION AND OUTLOOK
The first half of 2022 was challenging due to overall market conditions and the consequential impact on capital markets and valuations. The Company’s objective remains the preservation and creation of wealth for its shareholders with a target to deliver returns, net of costs, of between 12% and 15% over the longer period.

Looking forward our focus remains:

- to support the Dacian team in developing a clear operating plan to achieve the production objectives envisaged at the time the investment was made;
- execute on the opportunities with our real estate teams; and
- continue to focus on realising the investments in our mature portfolio, where opportunities to do so arise.

We would like to express our appreciation for the support from our team and from the network of people with whom we work on a regular basis. We would also like to express our appreciation for the continued support of our shareholders. We look forward to reporting to you further on our progress

Robert Rayne
Chairman

Nicholas Friedlos
Managing Director

1 August 2022

PORTFOLIO MANAGEMENT REVIEW

Introduction

During the first half of 2022, the Company recorded net realised and unrealised losses on its mature portfolio investments of £1.3 million, including £2.6 million of foreign exchange gains, and an additional £0.6 million of accrued interest income on its new portfolio investment, Dacian Petroleum. Portfolio realisations totalled £0.4 million during the period, primarily from £0.3 million of cash distributions from Medhost for the redemption of preferred shares and £0.1 million from other fund distributions.

Market background

The first half of 2022 began with the UK economy returning to pre-pandemic levels but was soon impacted by global events that changed the direction and outlook of the global economy and capital markets. The Russia invasion of Ukraine and renewed Covid-19 lockdowns in China created upward pressure on commodity prices and continued the existing supply chain constraints. Significant inflation, both in the UK and globally, has created concern that a global recession may be forthcoming. The Bank of England has increased interest rates four times in the first half of 2022 and further increases are anticipated in the second half of 2022. Sterling weakened against the U.S. Dollar during the period and global equity markets saw declines, with the FTSE 100 down nearly 3%, while the U.S. S&P 500 Index declined nearly 21%. The FTSE AIM 100 and SmallCap indices declined 31% and 16%, respectively.

The risk of further inflation and a possible recession create further uncertainly for the remainder of 2022. The Board and the Company continue to closely monitor the economic environment and capital markets, including the impact this has on the investment portfolio and its valuations.

Performance review

The movement in NAV during the six months ended 30 June was as follows:

	Six months ended 30 June	
	2022	**2021**
	£'000	**£'000**
Opening NAV	**49,109**	47,923
(Losses)/gains on investments portfolio	**(1,256)**	1,215
Investment interest income	**598**	-
Dividends	**(505)**	(484)
Overheads and other net movements	**(985)**	(1,062)
Closing NAV	**46,961**	47,592

Cash realisations and new and follow-on investments from the portfolio were as follows:

	Six months ended 30 June	
	2022	**2021**
	£'000	**£'000**
Proceeds from redemption of convertible debt	**-**	750
Proceeds from redemption of preference share	**353**	**-**
Distributions from funds and loan repayments	**68**	1,687
Total – gross cash realisations	**421**	2,437
New and follow-on investments	**(263)**	-
Fund calls	**(105)**	(43)
Total – net	**53**	2,394

Realisations of £0.4 million in 2022 include:

- £0.3 million from Medhost for the redemption of the preferred shares and accrued interest; and
- £0.1 million of distributions from Brockton and Simmons.

The fund calls are primarily for SFEP management fees.

Below is a summary of the investment portfolio of the Company and its subsidiaries, which reflects all investments held by the group:

	30 June			**31 December**		
	2022			**2021**		
Mature investment portfolio	**UK £'000**	**US £'000**	**Total £'000**	**UK £'000**	**US £'000**	**Total £'000**
Quoted	**145**	**37**	**182**	218	165	383
Unquoted	**717**	**5,943**	**6,660**	924	7,744	8,668
Funds	**6,669**	**7,301**	**13,970**	7,242	6,687	13,929
	7,531	**13,281**	**20,812**	8,384	14,596	22,980
New investment portfolio	**UK £'000**	**US £'000**	**Total £'000**	**UK £'000**	**US £'000**	**Total £'000**
Quoted	**-**	**-**	**-**	-	-	-
Unquoted	**-**	**9,433**	**9,433**	-	7,958	7,958
Funds	**-**	**-**	**-**	-	-	-
	-	**9,433**	**9,433**	-	7,958	7,958
Total investments	**7,531**	**22,714**	**30,245**	8,384	22,554	30,938

Basis of valuation:

Quoted investments

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

Unquoted direct investment

Unquoted direct investments for which there is no active market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment or based on recent indicative offers for investments with an exit strategy. 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 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;
- 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; and
- convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model.

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.

Performance of the investment portfolio

The return on investments for the six months ended 30 June 2022 was as follows:

	Six months ended 30 June 2022			**Six months ended 30 June 2021**		
Asset type	**Realised gains £'000**	**Unrealised gains/(losses) £'000**	**Total £'000**	**Realised losses £'000**	**Unrealised gains/(losses) £'000**	**Total £'000**
Quoted	**-**	**(201)**	**(201)**	-	88	88
Unquoted	**24**	**(1,123)**	**(1,099)**	(5)	(745)	(750)
Funds	**-**	**44**	**44**	-	1,877	1,877
	24	**(1,280)**	**(1,256)**	(5)	1,220	1,215
Credit for incentive plans			**85**			43
			(1,171)			1,258
Net gains/(losses) on foreign currency			**763**			(168)
Net operating and other expenses of subsidiaries			**(76)**			(116)
			(484)			974

The Company operates carried interest arrangements in line with normal practice in the private equity industry. The credit for incentive plans for the Company is £13,000 and for subsidiaries is a credit of £72,000 for carried interest and other incentives relating to historic arrangements. The credit for the carried interest incentive plan is included in the Net gains/losses on Investments in the Income Statement.

Approximately 75% of the portfolio at 30 June 2022 is denominated in US dollars (31 December 2021: 73%) and the above table includes the impact of currency movements. In the first six months of 2022, the strengthening of the US dollar against sterling resulted in a significant unrealised foreign currency gain of £2.6 million (2021: unrealised loss of £0.2 million). As a 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 2022 £'000	31 December 2021 £'000
IDE Group Holdings	UK technology	**145**	218
Arsenal Digital Holdings Inc (formerly Global Green Solutions)	US energy	**17**	139
Others	-	**20**	26
		182	383

The net gains and losses on the quoted portfolio arose as follows:

Gains/(losses), net	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000
Unrealised		
IDE Group Holdings	**(73)**	127
Arsenal Digital Holdings Inc (formerly Global Green Solutions)	**(130)**	(44)
Other quoted holdings	**(9)**	6
Unrealised foreign currency gains/(losses)	**11**	(1)
Total net (losses)/gains	**(201)**	88

The main decrease in the quoted portfolio was due to a decline in the share price of IDE Group Holdings and Global Green Solutions, which was consolidated into Arsenal Digital Holdings Inc. Arsenal Digital Holdings is an illiquid investment traded on the U.S. OTC market, and we are exploring options to secure our liquidity.

Unquoted investments

Company	Sector	30 June 2022 £'000	31 December 2021 £'000
Dacian	EU energy	**9,433**	7,959
Medhost Inc	US technology	**5,299**	5,997
Elateral	UK technology	**636**	817
ICU Eyewear*	US consumer	**605**	1,746
IDE loan notes	UK technology	**81**	107
Cresco	US consumer	**39**	-
		16,093	16,626

**These are co-investments with SFEP*

The net gains and losses on the unquoted portfolio arose as follows:

Gains/(losses), net	Six months ended 30 June 2022 £'000	2021 £'000
Realised		
Medhost	**24**	-
Northbridge	**-**	(5)
	24	(5)
Unrealised		
Yes To	-	2
IDE Group	**(27)**	45
Elateral	**(443)**	-
Medhost	**(1,032)**	(320)
ICU Eyewear	**(1,376)**	(361)
Unrealised foreign currency gains/(losses)	**1,755**	(111)
	(1,123)	(745)
Total net losses	**(1,099)**	(750)

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 funds of Primus Capital. Medhost's financial performance in 2022 is expected to be profitable and cash generative. A recent transaction comparable in the sector was lower, resulting in a decrease to the valuation by the fund manager for the period.

Elateral

The Company provided funding of £0.3 million in loan notes to Elateral during the first six months of 2022 for working capital requirements. The additional funding provided by the Company and other investors was part of a plan to provide Elateral with working capital while it implements a new sales growth plan. The write down reflects the company's need for working capital support, over and above what was expected, whilst it implements a new sales growth plan.

ICU Eyewear

The decline in the ICU valuation reflects the decline in current market conditions and indicative valuations during the early stages of an exit process currently underway.

Fund interests

		30 June	31 December
General partner	**Sector**	**2022 £'000**	**2021 £'000**
Brockton Capital Fund 1	UK real estate	**5,979**	5,635
Opus Capital Venture Partners	US venture capital	**5,405**	3,948
Weber Capital Partners	US micro-cap quoted stocks	**1,848**	2,644
EMAC ILF	EU real estate	**368**	733
Simmons	UK energy	**245**	381
Eden Ventures	UK venture capital	**76**	494
San Francisco Equity Partners	US consumer	**14**	55
Other interests	-	**35**	39
		13,970	13,929

The net gains and losses on the Company's funds portfolio for the six months ended 30 June 2022 were as follows:

	Six months ended 30 June	
Gains/(losses), net	**2022 £'000**	**2021 £'000**
Unrealised		
Opus Capital Venture Partners	**931**	422
Brockton Capital Fund I	**401**	792
San Francisco Equity Partners ("SFEP")	**(89)**	64
Simmons Parallel Energy	**(154)**	48
Eden Ventures	**(418)**	122
Weber Capital Partners	**(1,063)**	552
Others (net)	**(392)**	(4)
Unrealised foreign currency gains	**828**	(119)
Total net gains	**44**	1,877

San Francisco Equity Partners

LMS is the majority investor in SFEP as opposed to the other fund interests where the Company has only a minority stake. SFEP no longer has significant assets and holds a small interest in ICU, which is currently in an exit process.

Other funds

- Brockton Capital Fund I - the Company's investment represents its share (via the Brockton Fund) of preferred debt investments in a Super Prime central London residential development. The investment showed an increase in the valuation of £0.4 million for the first half of 2022 due to unrealised gains from the unwinding of the discount rate as the investment is valued on a discounted cash flow basis;
- Weber Capital - holds U.S. publicly traded micro-cap securities and showed an unrealised loss of £1.1 million reflecting a decrease in the underlying equity prices;
- Opus Capital - a U.S. venture fund, showed an unrealised gain of £0.9 million from valuation gains on one of its two main assets; and
- Eden Ventures - the remaining asset is in an exit process, and the unrealised loss of £0.4 million reflects the decrease in value of its sole remaining asset.

Costs

Group costs for the period (including £0.9 million incurred by the Company and £0.2 million by subsidiaries) were £1.1 million (30 June 2021: £1.0 million) which include running costs of £0.9 million and investment related costs of £0.2 million for support costs for real estate and co-investment activities.

Taxation

The Group tax provision for the period, all of which arose in the subsidiaries, is £0.6 million (30 June 2021: £0.1 million).

Financial Resources and Commitments

At 30 June 2022 cash holdings, including cash in subsidiaries, were £18.9 million (31 December 2021: £20.1 million) and neither the Company nor any of its subsidiaries had any external debt.

At 30 June 2022, subsidiary companies had commitments of £2.7 million (31 December 2021: £2.7 million) to meet outstanding capital calls from fund interests.

LMS CAPITAL PLC
1 August 2022

LMS Capital plc
Unaudited Condensed Income Statement

		Six months ended 30 June	
	Notes	2022 £'000	2021 £'000
Net (losses)/gains on investments	2	**(484)**	974
Interest income		**37**	22
Other income		**49**	8
Total (losses)/gains on investments		**(398)**	1,004
Operating expenses		**(940)**	(938)
Net (loss)/gain on foreign currency		**(331)**	72
(Loss)/profit before tax		**(1,669)**	138
Taxation		**-**	-
(Loss)/profit for the period		**(1,669)**	138
Attributable to:			
Equity shareholders		**(1,669)**	138
(Loss)/profit per ordinary share - basic	3	**(2.1)**	0.2p
(Loss)/profit per ordinary share - diluted	3	**(2.1)**	0.2p

The notes on pages 20 to 34 form part of these Financial Statements.

LMS Capital plc
Unaudited Condensed Statement of Other Comprehensive Income

	Six months ended 30 June	
	2022	**2021**
	£'000	**£'000**
(Loss)/profit for the period	**(1,669)**	138
Other comprehensive income	**-**	-
Total comprehensive (loss)/profit for the period	**(1,669)**	138
Attributable to:		
Equity shareholders	**(1,669)**	138

The notes on pages 20 to 34 form part of these Financial Statements.

LMS Capital plc
Unaudited Condensed Statement of Financial Position

	Notes	30 June 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Right of use assets		**83**	97
Investments	5	**67,963**	68,461
Amounts receivable from subsidiaries		**4,957**	5,191
Total non-current assets		**73,003**	73,749
Current assets			
Operating and other receivables		**133**	51
Cash and cash equivalents		**15,725**	14,518
Total current assets		**15,858**	14,569
Total assets		**88,861**	88,318
Liabilities			
Current liabilities			
Operating and other payables		**(286)**	(394)
Amounts payable to subsidiaries		**(41,553)**	(38,740)
Total current liabilities		**(41,839)**	(39,134)
Non-current liabilities			
Other long-term liabilities		**(61)**	(75)
Total non-current liabilities		**(61)**	(75)
Total liabilities		**(41,900)**	(39,209)
Net assets		**46,961**	49,109
Equity			
Share capital		**8,073**	8,073
Share premium		**508**	508
Capital redemption reserve		**24,949**	24,949
Share-based equity		**101**	75
Retained earnings		**13,330**	15,504
Total equity shareholders' funds		**46,961**	49,109
Net asset value per ordinary share		**58.17**	60.83p

The Financial Statements on pages 20 to 34 were approved by the Board on 1 August 2022 and were signed on its behalf by:

Nicholas Friedlos
Director

The notes on pages 20 to 34 form part of these Financial Statements.

LMS Capital plc
Unaudited Statement of Changes in Equity

Six months ended 30 June 2022

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based equity £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	**8,073**	**508**	**24,949**	**75**	**15,504**	**49,109**
Comprehensive loss for the period						
Loss for the period	**-**	**-**	**-**	**-**	**(1,669)**	**(1,669)**
Equity after total comprehensive loss for the period	**8,073**	**508**	**24,949**	**75**	**13,835**	**47,440**
Contributions by and distributions to shareholders						
Share-based payments	**-**	**-**	**-**	**26**	**-**	**26**
Dividends (note 4)	**-**	**-**	**-**	**-**	**(505)**	**(505)**
Balance at 30 June 2022	**8,073**	**508**	**24,949**	**101**	**13,330**	**46,961**

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

The notes on pages 20 to 34 form part of these Financial Statements.

LMS Capital plc
Unaudited Condensed Statement of Cash flow

		Six months ended 30 June	
		2022	**2021**
	Notes	**£'000**	**£'000**
Cash flows from operating activities			
(Loss)/profit for the period		**(1,669)**	138
Adjustments for non-cash income and expense:			
Equity settled share-based payment		**26**	15
Depreciation on right of use assets		**14**	14
Interest expense on lease		**3**	4
Losses/(gains) on investments	2	**484**	(974)
Other income		**(37)**	(22)
Interest income		**(49)**	(8)
Adjustments to incentives plans		**13**	6
Exchange (gain)/loss on cash and cash equivalents		**(69)**	7
		(1,284)	(820)
Change in operating assets and liabilities			
Increase in operating and other receivables		**(71)**	(8)
Decrease in operating and other payables		**(116)**	(70)
Decrease/(increase) in amounts receivable from subsidiaries		**234**	(328)
Increase/(decrease) in amounts payable to subsidiaries		**2,813**	-
Net cash from/(used in) operating activities		**1,576**	(1,226)
Cash flows from investing activities			
Interest received		**26**	22
Other income received		**49**	8
Proceeds from redemption of loan investment		**-**	750
Net cash from investing activities		**75**	780
Cash flows from financing activities			
Dividend paid	4	**(505)**	(484)
Repayment of principal lease liabilities		**(5)**	(19)
Repayment of lease interest		**(3)**	-
Net cash used in financing activities		**(513)**	(503)
Net increase/(decrease) in cash and cash equivalents		**1,138**	(949)
Exchange gain/(loss) on cash and cash equivalents		**69**	(7)
Cash and cash equivalents at the beginning of the period		**14,518**	16,385
Cash and cash equivalents at the end of the period		**15,725**	15,429

The notes on pages 20 to 34 form part of these Financial Statements.

LMS Capital plc
Notes to the unaudited 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 2021 were approved by the board of directors on 9 March 2022 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 in accordance with International Standards on Review Engagements 2410.

The Company was formed on 7 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 2021 which were prepared in accordance with UK adopted 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 2021.

Basis of preparation
This condensed interim financial report for the half-year reporting period ended 30 June 2022 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.

Consistent with the year ended 31 December 2021, 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".

LMS Capital plc
Notes to the unaudited financial information (continued)

1. Principal accounting policies (continued)

Going concern

The Financial Statements are prepared on a going concern basis and the Directors considered this and concluded that the use of the going concern basis continued to be appropriate. The Directors have carried out a robust assessment of the emerging and principal risks and concluded that they have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over a three year period from the date of this report. This assessment included reviewing the liquidity forecasts of the Company that include the flexibility in the dividend policy and lack of any external debt, the significant cash balances on hand at 30 June 2022, the expected future expenditures and commitments and the latest report on the investment portfolio.

IFRS 16 – Leases

In June 2020, the Company entered into lease agreement with The Rayne Foundation. 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.

LMS Capital plc
Notes to the unaudited financial information (continued)

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 2022.

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

LMS Capital plc
Notes to the unaudited financial information (continued)

1. Principal accounting policies (continued)

Accounting for subsidiaries *(continued)*

- measure and evaluate the performance of substantially all of its investments on a fair value basis.

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; and
- valuation model used to value equity award scheme.

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; and
- estimate percentage of incremental borrowing rate on lease liability.

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.

LMS Capital plc
Notes to the unaudited financial information (continued)

1. Principal accounting policies (continued)

Use of estimates and judgements *(continued)*
There were no material revisions to the significant judgements and estimates compared to the Annual Financial Statements for the year ending 31 December 2021.

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.

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 active market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment or based on recent indicative offers for investments with an exit strategy. 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 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; and
- convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model.

LMS Capital plc
Notes to the unaudited financial information (continued)

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.

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.

Right of use assets
Right of use assets are initially measured at the amount of the lease liability. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Intercompany receivables
The Company measured intercompany receivables and other receivables at amortised cost less expected credit losses.

Financial assets held at amortised cost
The Company recognises trade receivables as financial assets classified at amortised cost. These are recognised initially at fair value. Subsequent to initial recognition, these are measured at amortised cost, less any expected credit losses.

LMS Capital plc
Notes to the unaudited financial information (continued)

1. Principal accounting policies (continued)

Financial assets held at amortised cost *(continued)*
Expected credit losses for these financial assets are measured using the simplified approach to the credit loss model. Under the simplified credit loss model approach, a provision is recognised based on the expectation of default rates over the full lifetime of the financial assets without the need to identify significant increases on credit risk on these assets.

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.

LMS Capital plc
Notes to the unaudited financial information (continued)

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 (losses)/gains on investments

The gains and losses on investments were as follows:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
Asset type	Realised gains £'000	Unrealised gains/(losses) £'000	Total £'000	Realised losses £'000	Unrealised gains/(losses) £'000	Total £'000
Quoted	**-**	**(201)**	**(201)**	-	88	88
Unquoted	**24**	**(1,123)**	**(1,099)**	(5)	(745)	(750)
Funds	**-**	**44**	**44**	-	1,877	1,877
	24	**(1,280)**	**(1,256)**	(5)	1,220	1,215
Credit for incentive plans			**85**			43
			(1,171)			1,258
Net gains/(losses) on foreign currency			**763**			(168)
Net operating and other expenses of subsidiaries			**(76)**			(116)
			(484)			974

Net operating and other expenses of subsidiaries includes interest income of £0.6 million (June 2021: £nil) from Dacian Petroleum investment.

LMS Capital plc
Notes to the unaudited financial information (continued)

3. (Loss)/profit per ordinary share

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

	Six months ended	
	30 June 2022 £'000	**30 June 2021 £'000**
(Loss)/profit		
(Loss)/profit for the purpose of net profit per share attributable to equity holders of the parent	**(1,669)**	138
Number of shares		
Weighted average number of ordinary shares for the purposes of basic profit per share	**80,727,450**	80,727,450
(Loss)/profit per share		
Basic	**(2.1p)**	0.2p
Diluted	**(2.1p)**	0.2p

4. Dividends

Dividends declared during the period ending 30 June 2022 and 30 June 2021 are as follows.

	Dividend date	Payment date	Dividend £'000	Pence per share
Final dividend payment for 2020	21 May 2021	14 June 2021	484	0.600
Total as at 30 June 2021			484	0.600
Final dividend payment for 2021	27 May 2022	17 Jun 2022	**505**	**0.625**
Total as at 30 June 2022			**505**	**0.625**

The Board has approved the interim dividend for the 2022 year of 0.3 pence per share to be paid on 12 September 2022.

LMS Capital plc
Notes to the unaudited financial information (continued)

5. Investments

The Company's investments comprised the following:

	30 June 2022 £'000	31 December 2021 £'000
Total investments	**67,963**	68,461
These comprise:		
Investment portfolio of subsidiaries	**30,245**	30,938
Other net assets of subsidiaries	**37,718**	37,523
	67,963	68,461

The carrying amounts of the investments of the Company's subsidiaries were as follows:

Investments portfolio of subsidiaries Asset type	30 June 2022 £'000	31 December 2021 £'000
Quoted	**182**	383
Unquoted	**16,093**	16,626
Funds	**13,970**	13,929
Investment portfolio of subsidiaries	**30,245**	30,938
Other net assets of subsidiaries	**37,718**	37,523
	67,963	68,461

The movements in the investment portfolio were as follows:

	Quoted securities £'000	Unquoted securities £'000	Funds £'000	Total £'000
Balance at 1 January 2021	197	10,138	11,858	22,193
Purchases	-	8,394	-	8,394
Proceeds from disposal	-	(750)	-	(750)
Distributions from partnerships	-	(1,586)	(445)	(1,916)
Contribution to partnerships	-	115	43	158
Fair value adjustments	186	(95)	2,473	2,564
Reclassification of withholding tax*	-	410	-	410
Balance at 31 December 2021	383	16,626	13,929	30,938
Balance at 1 January 2022	**383**	**16,626**	**13,929**	**30,938**
Purchases	**-**	**900**	**-**	**900**
Proceeds from disposals	**-**	**(375)**	**-**	**(375)**
Distributions from partnerships	**-**	**-**	**(67)**	**(67)**
Contribution to partnership	**-**	**41**	**64**	**105**
Fair value adjustments	**(201)**	**(1,099)**	**44**	**(1,256)**
Balance at 30 June 2022	**182**	**16,093**	**13,970**	**30,245**

5. Investments (continued)

*As at 31 December 2020, unquoted securities investment fair value included a provision for withholding tax on distributions. This distribution was received in the first quarter of 2021 and the remaining estimated withholding tax liability of £0.4 million was reclassified to current liabilities as at 31 December 2021.

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.

The significant unobservable inputs used at 30 June 2022 in measuring investments categorised as level 3 in this note are considered below:

1. Unquoted securities (carrying value £16.1 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 of approximately 5 times dependent on the business of each individual company, its performance and the sector in which it operates; and
    - revenue multiples in the range 0.5–1.5 times, also dependent on attributes at individual investment level.

2. Investments in funds (carrying value £14.0 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 2022). 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.

LMS Capital plc
Notes to the unaudited financial information (continued)

5. Investments (continued)

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.

The Company's investments are analysed as follows:

	30 June 2022 £'000	31 December 2021 £'000
Level 1	**-**	-
Level 2	**-**	-
Level 3	**67,963**	68,461
	67,963	68,461

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

	30 June 2022 £'000	31 December 2021 £'000
Opening balance	**68,461**	65,235
Unrealised (loss)/gains	**(1,280)**	2,564
Purchases, sales, issues and settlements	**782**	662
Closing balance	**67,963**	68,461

Level 3 amounts include £30,245,000 (2021: £30,938,000) relating to the investment portfolios of subsidiaries including quoted investments of £182,000 (2021: £383,000) and £37,718,000 (2021: £37,523,000) in relation to the other net assets of subsidiaries.

There were no transfers between levels during the period ending 30 June 2022.

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 2022 would have decreased by £6.8 million (2021: £6.8 million). An increase in the valuation of level 3 category investments by 10% at the reporting date would have an equal and opposite effect.

6. Capital commitments

	30 June 2022 £'000	31 December 2021 £'000
Outstanding commitments to funds	**2,681**	2,665
	2,681	2,665

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

As of 30 June 2022, the Company has no other contingencies or commitments to disclose (2021: £nil).

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 2021: £232,180) and the Directors fee of the subsidiaries was £23,742 (June 2021: £21,734).

On 24 June 2020, the Company entered into a lease agreement with The Rayne Foundation in respect of the premises comprising its principal office. During the period, the Company paid rent of £8,195 (June 2021: £24,585) to The Rayne Foundation. Robert Rayne is the Chairman of The Rayne Foundation.

As at 30 June 2022, the following shareholders of the Company that are related to LMS Capital Plc had the following interests in the issued shares of the Company:

Share Holders	30 June 2022 Number of Shares	31 December 2021 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

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 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 addresses of the Company's subsidiaries are as follows:

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 2022 £'000	31 December 2021 £'000
Net asset value (£'000)	**46,961**	49,109
Number of ordinary shares in issue	**80,727,450**	80,727,450
Net asset value per share (in pence)	**58.17 pence**	60.83 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 24-35 of the Company's Annual Report for the period ended 30 December 2021 continued in office during the six months ended 30 June 2022.

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

1 August 2022

INDEPENDENT REVIEW REPORT TO LMS CAPITAL PLC

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 2022 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.

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 2022 which comprises 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the company to cease to continue as a going concern.

Responsibilities of 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.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of 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, UK

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