



## **Interim Report 30 June 2024**

**31 July 2024**

**LMS CAPITAL PLC**

**Half year results for the six months ended 30 June 2024**

### **Financial Update**

- Net Asset Value ("NAV") at 30 June 2024 of £36.5 million, 45.2p per share, compared to £42.1 million (52.2p per share) at 31 December 2023;
- Realised and unrealised underlying portfolio losses of £4.2 million on the portfolio;
- Running costs were £0.9 million and investment related costs were £0.5 million;
- Final dividend payment in June 2024 of £0.5 million (0.625 pence per share) for the year ended 31 December 2023;
- Cash proceeds of £0.4 million from realisations during the half year; and
- Group cash at 30 June 2024 was £13.0 million (31 December 2023: £15.5 million).

### **Interim Dividend**

- The Board has approved an interim dividend in respect of the Company's financial year to 31

December 2024 of 0.3 pence per share. The dividend will be paid on 13 September 2024 to shareholders on the share register at close of business on 16 August 2024 (with an ex-dividend date of 15 August 2024).

**James Wilson, Chairman, commented:**

"The changes to Dacian, whilst resulting in a write down now, we believe have put Dacian on a sound footing going forward. The result at Brockton is disappointing and has contributed to an overall poor performance. We do however continue to see and explore opportunities in the retirement living sector which we believe would be accretive to value for shareholders. We acknowledge the need to be able to demonstrate clear progress in the coming months"

**31 July 2024**

**Enquiries: LMS Capital plc**

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**James Wilson, Chairman**

**Nicholas Friedlos, Managing Director**

## **Chairman and Managing Director's Statement**

The financial results of the Company for the first six months of the year and an update on our portfolio and the direction of the business are set out below.

### **OVERVIEW**

The results for the six months have been significantly impacted by downward revisions to the estimated values at Dacian and Brockton.

Dacian's first two and a half years of operation have been below expectations. The restructuring and board changes were announced on 15 July. Notwithstanding the immediate reduction in the valuation, the changes to be put in place, subject to regulatory clearances in Romania will, we believe, enable the company to take advantage of opportunities open to it going forward and provide a return to investors.

The Brockton situation is disappointing. Senior lenders to the fund's remaining investment, a high-end residential development in Mayfair, appointed administrators in January 2024. Progress has been made with sales of apartments at target prices. However, at present the pace of sale gives rise to the risk of the erosion of value to the fund investors by interest costs on the senior lender's loans. Accordingly, we have taken the prudent view to write the investment down to nil but will continue to monitor it as an active position. The fund managers continue to hold the view that some value should be recovered for fund investors.

The investment at Castle View Windsor has now been under the Company's ownership for 7 months during which time the focus has been on some operational changes at the scheme and on market positioning the remaining units for sale. As reported below, one unit has recently exchanged, and three further units for which there are firm reservations, potentially complete over the summer. The relaunched marketing activity is producing a pipeline of interest.

Castle View is a cornerstone acquisition to build an investment platform in the retirement living sector. As well as oversight of Castle View we remain focussed on developing the larger investment platform as a way to generate returns for our shareholders.

## FINANCIAL SUMMARY

The NAV of the Company at 30 June 2024 was £36.5 million, 45.2 pence per share (31 December 2023: £42.1 million, 52.2 pence per share) and is summarised below:

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
<b>Mature Investment Portfolio</b>		
Quoted investments	130	145
Unquoted investments	1,731	1,717
Funds	5,739	9,469
	<b>7,600</b>	<b>11,331</b>
<b>New Investment Portfolio</b>		
Energy - Dacian	9,701	10,989
Retirement Living - Castle View	6,130	6,130
	<b>15,831</b>	<b>17,119</b>
<b>Total Investments</b>	<b>23,431</b>	<b>28,450</b>
Cash	13,050	15,480
Other net assets / (liabilities/provisions)	31	(1,789)
<b>Net Assets</b>	<b>36,512</b>	<b>42,141</b>

The overall decrease of £5.6 million in the half year comprises:

- Dividend payments £0.5 million;
- Portfolio valuation movements - net reduction £4.2 million summarised below;
- Bank interest £0.3 million;
- Unrealised foreign exchange gains £0.2 million;
- Running costs of £0.9 million, investment related costs of £0.5 million principally associated with developing the retirement living investment platform and the restructure of Dacian and other net income of £0.1 million.

## PORTFOLIO

The Company's portfolio comprises three distinct groups of assets:

### Mature Investments - 30 June 2024 NAV £7.6 million (9.4 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.

During the first half of 2024, this group of investments showed net unrealised underlying losses of £3.4 million, foreign exchange movements in the period were not material. The elements were:

- Brockton Fund 1 (£nil at 30 June 2024; £2.5 million decrease in the half year) - As previously reported, administrators were appointed in January 2024 to the remaining asset in this fund. The value of the investment was reduced significantly at the year end. Based on discussions with the Brockton team we have decided prudently to write down the investment down to nil. Whilst the administrators are making progress and have sold additional units since January, the current pace of sales, and consequent additional interest costs, risks erosion of value of the fund's holding. We will continue to monitor progress and report.
- Elateral: (£1.7 million at 30 June 2024; no change in valuation in the half year) - The company's financial performance has improved during 2024. It has shown some success at winning new

financial performance has improved during 2024. It has shown some success at winning new business. We continue to support the management in their strategy to return to sustainable sales growth;

- Opus (£3.3m at 30 June 2024; £0.8 million decrease in the half year) - As reported in our Q1 2024 NAV update this was driven by the fund manager's valuation primarily reflecting movements in public market comparables for the fund's two principal remaining assets;
- Weber (£2.0 million at 30 June 2024; £0.2 million decrease in the half year) - Our investment in Weber decreased by £0.2 million reflecting the market price performance of the US listed microcap equities held in the fund;
- Other assets (£0.6 million combined value at 30 June 2024; £0.1 million increase in the half year).

#### **Energy - Dacian - 30 June 2024 NAV £9.7 million (12.0 pence per share)**

It was announced on 15 July that agreement had been reached between investors and founders on changes to the governance and financing structure at Dacian and that those changes would be implemented subject to Romanian regulatory clearances, which are currently in the process of being sought.

The impact on the Company's NAV of those changes is a reduction of £0.8 million compared to the 31 December 2023 valuation (Note: Compared to the 31 March 2024 valuation the reduction is £1.3 million).

The agreed changes were set out in the 15 July note but in summary:

- Certain of the original investor group, including two of the Company's directors although not the Company, will provide financing of \$1 million to Dacian for one year on an unsecured basis with an entitlement to an equity subscription of 5% of Dacian's issued share capital, at nominal value;
- The Company's existing interest in senior loan notes in Dacian, along with the interests of all its co-investors will convert into equity in Dacian with preferential distribution rights. The effect of the preferential rights will give the Company 61% of all distributions, and other investors 39% until the performance criteria have been met;
- The investor group will have increased board representation rights and will be able to appoint a majority of the Dacian board; and
- The Bridge Loan will take effect immediately but the Equity Swap, the entitlement of the Bridge Lenders to subscribe for equity and the changes to the board rights, remain subject to regulatory clearances in Romania.

The background to the changes is:

- Dacian experienced a significant engineering issue in 2023 which adversely impacted gas production levels and postponed planned production enhancement projects. Due to this, Dacian has continued to experience lower than target production levels through 2024 and as such, revenues achieved by Dacian in 2023 and so far in 2024 have been significantly below expectations;
- Notwithstanding its lower revenues, Dacian has been continuing to meet its financial obligations, of some \$300,000 per month on third-party debt and \$100,000 per month on Romanian Solidarity tax;
- Free cash flow should increase significantly once the third-party debt is fully repaid which should be by the end of November 2024, and the Solidarity tax liability settled by April 2025, however it has become clear that Dacian would benefit from additional financing in the interim period to ensure it has sufficient working capital; and
- In addition, as it currently stands, due to the total value of the Senior Loan Notes as at 30 June 2024 (with interest compounded) being \$22.1 million, Dacian's capital structure is in a deficit position which under Romanian Law should be rectified.

Whilst the production levels have been below expectations for the reasons set out above, the Board considers the prospects for Dacian to be positive in the medium term. The current cashflow projections for Dacian underpinning the Restructuring have been rebased on the production levels currently being achieved and Dacian has also identified cost efficiencies which can be implemented in the short term which are not expected to impact its maintenance programme or production. As noted above, free cash

flow should increase significantly during 2025.

Dacian's estate offers opportunities in alternative energy related uses. Whilst any such opportunities are still at a relatively early stage, the Board of the Company are optimistic about the potential additional benefit that this could bring.

#### **Retirement Living - Castle View - 30 June 2024 NAV £6.1 million (7.6 pence per share)**

Castle View retirement village was acquired in December 2023 and was LMS' first investment in the sector and is intended as the cornerstone for the creation of a larger retirement living sector investment platform.

Castle View is a retirement living scheme in Windsor comprising 64 apartments, which are being sold on the basis of 250 year leasehold interests in the individual apartments. LMS acquired:

- The freehold interest in all the units sold and unsold, which entitles the freeholder to the annual service charges and deferred management fees; and
- The leasehold interest in the 15 units unsold at the time of acquisition, those units having an estimated sale value of £8.3 million.

Financial returns are derived from the sale of units and, in the medium to longer term from the net deferred management fee income.

The acquisition price was £11.9 million, of which £6.0 million was provided by LMS and £5.9 million by way of a loan. The loan is paid down from the proceeds of the sale of the units.

In the first six months of ownership the business plan has been focussed on making some operational changes and relaunching the sales programme, no apartment sales were budgeted in the first six months;

Progress during the year to date has included:

- Operational and procedural changes have been made, including instituting a process of audit and accreditation of operational standards by ARCO, the industry body, which will measure the operation of the village against recognised industry best practice;
- A new village manager has been recruited and will be in position during September;
- The first apartment to be sold under our ownership exchanged contract for sale on 16 July;
- A further three existing reservations are expected to proceed to completion over the summer;
- Following the marketing relaunch the list of "interested buyers" is increasing; and
- In addition deferred management fees of £38,000 have been received on an apartment resold by owners.

For valuation purposes, the investment continues to be held at acquisition cost and will be reviewed at the year end.

#### **DIVIDEND**

A final dividend of 0.625 pence per share for the year ended 31 December 2023 was approved by shareholders at the AGM in May 2024 and paid in June 2024.

The Board has approved an interim dividend for the 2024 year of 0.3 pence per share to be paid on 13 September 2024 to shareholders on the share register at close of business on 16 August 2024 (with an ex-dividend date of 15 August 2024).

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.

**James Wilson**  
**Chairman**

**Nicholas Friedlos**  
**Managing Director**

**31 July 2024**

## Portfolio Management Review

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

	Six months ended 30 June	
	2024 £'000	2023 £'000
Opening NAV	42,141	46,541
Income and fair value adjustments on investment portfolio	(4,120)	(495)
Dividends	(505)	(505)
Overheads and other net movements	(1,004)	(959)
Closing NAV	36,512	44,582

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

	Six months ended 30 June	
	2024 £'000	2023 £'000
Distributions from funds	430	326
Total - gross cash realisations	430	326
New and follow-on investments	-	-
Fund calls	(55)	-
Total - net	375	326

Realisations in 2024 relate to a distribution received from Simmons.

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

	30 June 2024			31 December 2023		
	GBP denominated £'000	USD denominated £'000	Total £'000	GBP denominated £'000	USD denominated £'000	Total £'000
<b>Mature investment portfolio</b>						
Quoted	90	40	130	107	37	144
Unquoted	1,680	51	1,731	1,680	38	1,718
Funds	396	5,343	5,739	3,139	6,330	9,469
	2,166	5,434	7,600	4,926	6,405	11,331
<b>Other investments</b>						
Dacian	-	9,701	9,701	-	10,989	10,989
Castle View	6,130	-	6,130	6,130	-	6,130
	6,130	9,701	15,831	6,130	10,989	17,119
Total investments	8,296	15,135	23,431	11,056	17,394	28,450

**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 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.

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 value 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 the evidence available supports an alternative valuation.

**Performance of the investment portfolio**

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

Asset type	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000
Quoted	-	(14)	(14)	-	1	1
Unquoted	-	(1,491)	(1,491)	62	(864)	(802)
Funds	-	(3,355)	(3,355)	(9)	(339)	(348)
	-	(4,860)	(4,860)	53	(1,202)	(1,149)
Accrued interest income			740			654
Income and fair value adjustments on investment portfolio			(4,120)			(495)

Approximately 65% of the portfolio at 30 June 2024 is denominated in US Dollars (31 December 2023: 61%) and the above table includes the impact of currency movements. In the first six months of 2024, the weakening of sterling against the US Dollar resulted in an unrealised foreign currency gain of £0.1 million. (2023: unrealised loss of £1.1 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 2024	31 December 2023
		£'000	£'000

<b>Company</b>	<b>Sector</b>	<b>£'000</b>	<b>£'000</b>
Tialis Essential IT plc	UK technology	90	107
Arsenal Digital Holdings Inc	US energy	4	10
Weatherford International Inc	US energy	36	27
		<b>130</b>	<b>144</b>

The changes in valuation on the quoted portfolio arose as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>Fair value increases/(decreases)</b>	<b>£'000</b>	<b>£'000</b>
<b>Unrealised</b>		
Tialis Essential IT plc	(17)	(39)
Arsenal Digital Holdings Inc	(6)	44
Other quoted holdings	9	(2)
Unrealised foreign currency losses	-	(2)
<b>Total fair value (decreases)/increases</b>	<b>(14)</b>	<b>1</b>

**Unquoted investments**

		<b>30 June</b>	<b>31 December</b>
		<b>2024</b>	<b>2023</b>
<b>Company</b>	<b>Sector</b>	<b>£'000</b>	<b>£'000</b>
Dacian	Romanian energy	9,701	10,989
Castle View	Retirement living	6,130	6,130
Elateral	UK technology	1,680	1,680
Cresco	US consumer	51	38
		<b>17,562</b>	<b>18,837</b>

The changes in valuation on the unquoted portfolio arose as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>Fair value increases/(decreases)</b>	<b>£'000</b>	<b>£'000</b>
<b>Realised</b>		
ICU Eyeware	-	62
	-	62
<b>Unrealised</b>		
Dacian (See note below)	(1,580)	(644)
Cresco	13	-
Medhost	-	554
Tialis loan notes	-	5
Unrealised foreign currency gains/(losses)	76	(779)
	<b>(1,491)</b>	<b>(864)</b>
<b>Total fair value decreases</b>	<b>(1,491)</b>	<b>(802)</b>
<b>Income movements</b>		
Interest on Dacian Investment (See note below)	740	654

Note re Dacian: In accordance with the requirements of GAAP, the Company's net exposure to its investment in Dacian is shown as:

1. Gross interest legally due to the Company on the Dacian loan notes (regardless of whether or not paid) is shown as Interest Income and added to the investment value;
2. Withholding tax suffered in Romania on that gross interest is shown as a tax charge and accumulated as a tax reserve in the Balance Sheet; and
3. any reduction in overall value of its Dacian investment is shown separately as a fair value adjustment.

The Company's net exposure to Dacian is therefore the aggregate of the investment minus the tax reserve. The net movement in the Company's NAV in any period is the aggregate of amounts shown in 1, 2 and 3 above.

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



changes in the revenue and profitability multiples and transaction prices of comparable businesses, which are used in the underlying calculations.

#### **Fund interests**

		30 June 2024 £'000	31 December 2023 £'000
<b>General partner</b>	<b>Sector</b>		
Brockton Capital Fund 1	UK real estate	-	2,526
Opus Capital Venture Partners	US venture capital	3,345	4,142
GW 2001 Fund	US quoted micro-caps	1,981	2,180
EMAC ILF	Europe real estate	322	330
Simmons Parallel Energy	UK energy	74	283
Other interests		17	8
		<b>5,739</b>	<b>9,469</b>

The changes in valuation on the Company's fund portfolio arose as follows:

	<b>Six months ended 30 June</b>	
	2024 £'000	2023 £'000
<b>Fair value increases/(decreases)</b>		
<b>Realised</b>		
San Francisco Equity Partners	-	(9)
	-	(9)
<b>Unrealised</b>		
Brockton Capital Fund 1	(2,526)	369
Opus Capital Venture Partners	(826)	(783)
GW 2001 Fund	(217)	383
Simmons Parallel Energy	176	42
Eden Ventures	-	(5)
Others (net)	9	2
Unrealised foreign currency gains/(losses)	29	(347)
	<b>(3,355)</b>	<b>(339)</b>
<b>Total fair value decreases</b>	<b>(3,355)</b>	<b>(348)</b>

#### **Costs**

Group costs for the period (including £1.0 million incurred by the Company and £0.4 million by subsidiaries) were £1.5 million (2023: £1.2 million) which include running costs of £0.9 million and investment related costs of £0.5 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 £0.1 million (2023: £0.1 million).

#### **Financial Resources and Commitments**

At 30 June 2024 cash holdings, including cash in subsidiaries, were £13.0 million (31 December 2023: £15.5 million) and neither the Company nor any of its subsidiaries had any external debt.

At 30 June 2024, subsidiary companies had commitments of £2.5 million (31 December 2023: £2.7 million) to meet outstanding capital calls from fund interests.

**LMS CAPITAL plc**

**31 July 2024**

## Unaudited Condensed Company Income Statement

		Six months ended 30 June	
		2024	2023
	Notes	£'000	£'000
Net losses on investments	5	(4,509)	(716)
Interest income		309	275
Other income		59	64
Total losses on investments		(4,141)	(377)
Operating expenses		(1,042)	(1,089)
Foreign currency exchange differences		2	(14)
Loss before tax		(5,181)	(1,480)
Taxation		-	-
Loss for the period		(5,181)	(1,480)
<b>Attributable to:</b>			
Equity shareholders		(5,181)	(1,480)
Loss per ordinary share - basic	6	(6.4p)	(1.8p)
Loss per ordinary share - diluted	6	(6.4p)	(1.8p)

## Unaudited Condensed Company Statement of Other Comprehensive Income

		Six months ended 30 June	
		2024	2023
	Notes	£'000	£'000
Loss for the period		(5,181)	(1,480)
Other comprehensive income		-	-
Total comprehensive loss for the period		(5,181)	(1,480)
<b>Attributable to:</b>			
Equity shareholders		(5,181)	(1,480)

## Unaudited Condensed Company Statement of Financial Position

		30 June 2024	31 December 2023
		£'000	£'000
	Notes		

<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets		28	42
Investments	8	16,343	20,854
Amounts receivable from subsidiaries		16,221	15,014
<b>Total non-current assets</b>		<b>32,592</b>	<b>35,910</b>
<b>Current assets</b>			
Operating and other receivables		170	135
Cash		12,581	9,027
<b>Total current assets</b>		<b>12,751</b>	<b>9,162</b>
<b>Total assets</b>		<b>45,343</b>	<b>45,072</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Operating and other payables		(379)	(422)
Amounts payable to subsidiaries		(8,452)	(2,493)
<b>Total current liabilities</b>		<b>(8,831)</b>	<b>(2,915)</b>
<b>Non-current liabilities</b>			
Other long-term liabilities		-	(16)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(16)</b>
<b>Total liabilities</b>		<b>(8,831)</b>	<b>(2,931)</b>
<b>Net assets</b>		<b>36,512</b>	<b>42,141</b>
<b>Equity</b>			
Share capital		8,073	8,073
Share premium		508	508
Capital redemption reserve		24,949	24,949
Share-based equity		264	207
Retained earnings		2,718	8,404
<b>Total equity shareholders' funds</b>		<b>36,512</b>	<b>42,141</b>
Net asset value per ordinary share	11	45.23p	52.20p

## Unaudited Condensed Company Statement of Changes in Equity

Six months ended 30 June 2024

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based equity £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2024</b>	8,073	508	24,949	207	8,404	42,141
<b>Comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(5,181)	(5,181)
<b>Equity after total comprehensive loss for the period</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>207</b>	<b>3,223</b>	<b>36,960</b>
<b>Contributions by and distributions to shareholders</b>						
Share-based payments	-	-	-	57	-	57

Dividends (note 7)	-	-	-	-	(505)	(505)
<b>Balance at 30 June 2024</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>264</b>	<b>2,718</b>	<b>36,512</b>

#### Six months ended 30 June 2023

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based equity £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2023</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>128</b>	<b>12,883</b>	<b>46,541</b>
<b>Comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(1,480)	(1,480)
<b>Equity after total comprehensive loss for the period</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>128</b>	<b>11,403</b>	<b>45,061</b>
<b>Contributions by and distributions to shareholders</b>						
Share-based payments	-	-	-	26	-	26
Dividends (note 7)	-	-	-	-	(505)	(505)
<b>Balance at 30 June 2023</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>154</b>	<b>10,898</b>	<b>44,582</b>

## Unaudited Condensed Company Cash Flow Statement

	Notes	Six months ended 30 June	
		2024 £'000	2023 £'000
<b>Cash flows from operating activities</b>			
Loss before tax		(5,181)	(1,480)
Adjustments for non-cash income and expenses:			
Equity settled share-based payments		57	26
Depreciation of right-of-use assets		14	14
Interest expense on lease		1	2
Losses on investments	5	4,509	716
Other income		(59)	(64)
Interest income		(309)	(275)
Adjustments to incentive plans		-	3
Exchange differences on cash balances		(2)	15
		(970)	(1,043)
<b>Changes in operating assets and liabilities</b>			
Increase in operating and other receivables		(27)	(36)
Decrease in operating and other payables		(43)	(76)
Increase in amounts receivable from subsidiaries		(1,207)	(140)
Increase/(decrease) in amounts payable to subsidiaries		5,959	(52)
<b>Net cash from/(used in) operating activities</b>		<b>3,712</b>	<b>(1,347)</b>
<b>Cash flows from investing activities</b>			

Interest received	302	263
Other income received	59	64
<b>Net cash from investing activities</b>	<b>361</b>	<b>327</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(505)	(505)
Repayment of principal lease liabilities	(15)	(14)
Repayment of lease interest	(1)	(2)
<b>Net cash used in financing activities</b>	<b>(521)</b>	<b>(521)</b>
<b>Net increase/(decrease) in cash</b>	<b>3,552</b>	<b>(1,541)</b>
Exchange gains/(losses) on cash balances	2	(15)
Cash at the beginning of the period	9,027	14,542
<b>Cash at the end of the period</b>	<b>12,581</b>	<b>12,986</b>

## Notes to the unaudited financial information

### 1. Reporting entity

LMS Capital plc ("the Company") is a public limited company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. These unaudited condensed interim financial statements are presented in pounds sterling because that is the currency of the principal economic environment of the Company's operations.

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.

### 2. Statement of compliance and basis of preparation

These condensed interim 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 Report and Accounts for the year ended 31 December 2023 which were prepared in accordance with UK adopted International Financial Reporting Standards.

The financial information presented in these interim results has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial information in these interim results are primarily unchanged from those used in the Company's financial statements for the year ended 31 December 2023 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2024.

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 2023 were approved by the Board of Directors on 18 March 2024 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 information for the periods ended 30 June 2023 and 30 June 2024 are unaudited and have not been reviewed by the Company's auditors.

### 3. Estimates and management judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the Company financial statements as at and for the year ended 31 December 2023.

### 4. Financial risk management

The Company's financial risk management objectives and policy are consistent with those disclosed in

The Company's financial risk management objectives and policy are consistent with those disclosed in the Company financial statements as at and for the year ended 31 December 2023.

## 5. Net losses on investments

The losses on investments were as follows

Asset type	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000
Quoted	-	(14)	(14)	-	1	1
Unquoted	-	(1,491)	(1,491)	62	(864)	(802)
Funds	-	(3,355)	(3,355)	(9)	(339)	(348)
	-	(4,860)	(4,860)	53	(1,202)	(1,149)
Accrued interest income			740			654
			(4,120)			(495)
Charge for incentive plans			-			(11)
Net gains/(losses) on foreign currency			76			(128)
Net operating and other expenses of subsidiaries			(465)			(82)
			(4,509)			(716)

## 6. Loss per ordinary share

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

	Six months ended 30 June	
	2024	2023
<b>Losses</b>		
Losses for the purpose of net profit per share attributable to equity holders of the parent (£'000)	(5,181)	(1,480)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	80,727,450	80,727,450
<b>Loss per share</b>		
Basic	(6.4p)	(1.8p)
Diluted	(6.4p)	(1.8p)

## 7. Dividends

Dividends declared during the periods ending 30 June 2024 and 30 June 2023 were as follows:

Dividend date	Payment date	Dividend £'000	Pence per share
---------------	--------------	----------------	-----------------

Final dividend payment for 2023	31 May 2024	21 June 2024	505	0.625
<b>Total as at 30 June 2024</b>			<b>505</b>	<b>0.625</b>
Final dividend payment for 2022	26 May 2023	16 June 2023	505	0.625
<b>Total as at 30 June 2023</b>			<b>505</b>	<b>0.625</b>

The Board has approved an interim dividend for the 2024 year of 0.3 pence per share to be paid on 13 September 2024.

## 8. Investments

The Company's investments comprised the following:

	30 June 2024 £'000	31 December 2023 £'000
Total investments	16,343	20,854
These comprise:		
Investment portfolio of subsidiaries	23,431	28,450
Other net liabilities of subsidiaries	(7,088)	(7,596)
	16,343	20,854

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

Investment portfolio of subsidiaries	30 June 2024 £'000	31 December 2023 £'000
Asset type		
Quoted	130	144
Unquoted	17,562	18,837
Funds	5,739	9,469
Investment portfolio of subsidiaries	23,431	28,450
Other net liabilities of subsidiaries	(7,088)	(7,596)
	16,343	20,854

## 8. Investments (continued)

The movement in the investment portfolio were as follows:

	Quoted securities £'000	Unquoted securities £'000	Funds £'000	Other net assets/ (liabilities) of subsidiaries £'000	Total £'000
Balance at 1 January 2023	160	16,771	14,033	37,243	68,207
Accrued interest	-	1,373	-	-	1,373
Purchases	-	6,130	-	-	6,130
Proceeds from disposals	(6)	(7,301)	-	-	(7,307)
Distributions from partnerships	-	-	(55)	-	(55)
Contributions to partnerships	-	-	9	-	9
Fair value adjustments	(10)	1,864	(4,518)	-	(2,664)
Dividends paid	-	-	-	(45,000)	(45,000)
Other movements	-	-	-	164	164

Other movements	-	-	-	101	101
Balance at 31 December 2023	144	18,837	9,469	(7,596)	20,854
Balance at 1 January 2024	<b>144</b>	<b>18,837</b>	<b>9,469</b>	<b>(7,596)</b>	<b>20,854</b>
Accrued interest	-	<b>740</b>	-	-	<b>740</b>
Distributions from partnerships	-	-	<b>(430)</b>	-	<b>(430)</b>
Contributions to partnerships	-	-	<b>55</b>	-	<b>55</b>
Fair value adjustments	<b>(14)</b>	<b>(1,491)</b>	<b>(3,355)</b>	-	<b>(4,860)</b>
Other movements	-	<b>(524)</b>	-	<b>508</b>	<b>(16)</b>
Balance at 30 June 2024	<b>130</b>	<b>17,562</b>	<b>5,739</b>	<b>(7,088)</b>	<b>16,343</b>

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.

## 8. Investments (continued)

The significant unobservable inputs used at 30 June 2024 in measuring investments categorised as level 3 are considered below:

- Unquoted securities (carrying value £17.6 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 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 0.3-1.5 times, also dependent on attributes at individual investment level.
  - Discounts applied of up to 50%, 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.
- Investments in funds (carrying value £5.7 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 2024). 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.



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:

	<b>30 June 2024 £'000</b>	<b>31 December 2023 £'000</b>
Level 1	-	-
Level 2	-	-
Level 3	<b>16,343</b>	<b>20,854</b>
	<b>16,343</b>	<b>20,854</b>

## 8. Investments (continued)

Level 3 includes:

	<b>30 June 2024 £'000</b>	<b>31 December 2023 £'000</b>
Investment portfolio of subsidiaries	<b>23,431</b>	<b>28,450</b>
Other net liabilities of subsidiaries	<b>(7,088)</b>	<b>(7,596)</b>
	<b>16,343</b>	<b>20,854</b>

The investment portfolio of subsidiaries includes quoted investments of £130,000 (2023: £144,000). There were no transfers between levels during the period ending 30 June 2024.

## 9. Capital commitments

	<b>30 June 2024 £'000</b>	<b>31 December 2023 £'000</b>
Outstanding commitments to funds	<b>2,469</b>	<b>2,661</b>
	<b>2,469</b>	<b>2,661</b>

The outstanding commitments to funds comprise unpaid capital calls in respect of funds where a subsidiary of the Company is a limited partner.

As of 30 June 2024 the Company has no other contingencies or commitments to disclose (2023: £nil).

## 10. Related party transactions

The related parties of LMS Capital plc are its Directors.

The salaries paid to the Directors of the Company for the period were £243,387 (June 2023: £240,412).

As at 30 June 2024, the Directors of the Company had the following beneficial interests in the ordinary shares of the Company:

	<b>30 June 2024</b>	31 December 2023
Director	<b>Number of shares</b>	Number of shares
R Rayne	<b>2,670,124</b>	2,670,124
N Friedlos	<b>161,410</b>	161,410
P Harvey	<b>20,000</b>	20,000
G Stedman	<b>20,000</b>	20,000

## 11. Net asset value per share

The net asset value per ordinary share in issue is as follows:

	<b>30 June 2024</b>	31 December 2023
Net assets (£'000)	<b>36,512</b>	42,141
Number of ordinary shares in issue	<b>80,727,450</b>	80,727,450
Net asset value per share (pence)	<b>45.23</b>	52.20

## 12. Subsequent events

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 and 25 of the Company's Annual Report for the year ended 31 December 2023 continued in office during the six months ended 30 June 2024.

We confirm that to the best of our knowledge:

- a the condensed interim 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 interim 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 Friedlos**  
**Director**

**31 July 2024**

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