SOMERS

2014 ANNUAL REPORT

Managed by
ICM Limited

SOMERS LIMITED | 2014 ANNUAL REPORT

This Somers Isles Company map of Bermuda is based on the survey by John Norwood of the Somers Isles Company in 1618. The map of what is now known as Bermuda shows the division into the original Tribes and various landowners, with their names in a table below the map.

The title cartouche features Neptune astride the Royal Arms. The map is superimposed over a map of the Atlantic with the coastlines of Britain and North America showing the location of Bermuda.

The Sommer Islands ("Somers Isles") tokens were the first English coinage made for use in the Americas. The coins feature a hog on the front (spelled hogge at that time) after the wild boars found on the islands (thought to have been left by earlier explorers) and an image of what is believed to be the historical Sea Venture, which was shipwrecked off Bermuda in 1609, on the back.

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FINANCIAL CALENDAR

ANNUAL GENERAL MEETING MARCH 6, 2015

HALF YEAR MARCH 31, 2015, ANNOUNCEMENT JUNE 2015

FORWARD LOOKING STATEMENTS

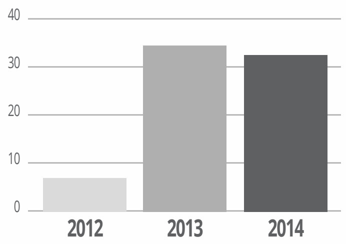
This annual report may contain "forward looking statements" with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward looking statements. The forward looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

FINANCIAL HIGHLIGHTS

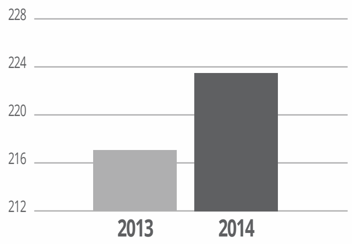
NAV per share	$18.96	($16.81)	Total return per ordinary share	14.99%	(19.72%) [1]
Share price	$13.75	($12.00)	Ordinary dividend per share	$0.37	($0.32)
Discount to NAV	27.46%	(28.61%)	Cash from shares issued	$1.99m	($17.89m)
Shares in issuance (excluding shares held in treasury)	11.30m	(10.70m)	Cash from warrant exercise	$7.45m	($22.97m)
			Total assets	$223.58m	($216.74m)

Figures in brackets are for the prior year.
[1] Total return is calculated as change in NAV per ordinary share plus dividends reinvested.

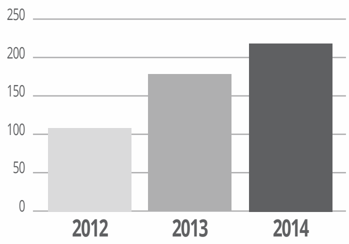
Net Income - USD Million
October 2011 to September 2014



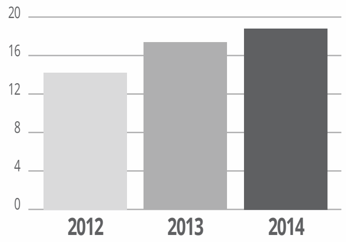
Total Assets - USD Million
October 2012 to September 2014



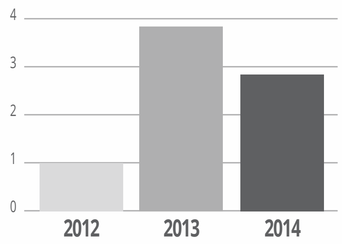
Total Equity - USD Million
October 2011 to September 2014



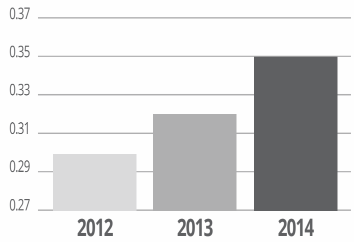
NAV per Common Share (diluted) - USD
October 2011 to September 2014



Earnings per Share (diluted) - USD
October 2011 to September 2014



Dividend per Common Share - USD
October 2011 to September 2014



2012 figures are for Bermuda Commercial Bank only.

Key transactions in the year

- Investment in Merrion Capital Holdings Limited ("Merrion") giving a potential economic interest of 20.5%. Merrion is an independent financial services firm providing stockbroking, corporate finance advisory and funds management services to a mainly domestic Irish client base.
- Additional investment in Ascot Lloyd Holdings Limited bringing our total potential economic interest to 32.5%.
- Increased our shareholding in Westhouse Holdings plc to 84.6%.
- Acquired a 23.8% shareholding in Incol Limited ("Incol"). Incol is a newly created funding platform for financial institutions.

2013 results have been restated in compliance with new accounting guidance and all references in this report to prior year figures use the restated comparatives except where noted otherwise.

CORE INVESTMENTS

Somers' investments are predominantly Bermuda and UK based with these jurisdictions together accounting for 97.4% of total investments. In total, the Company's core holdings account for 98.4% of total investments at September 30, 2014.

	Company	Country	Fair Value ($)	% of Total Investments
1	Bermuda Commercial Bank Limited	Bermuda	113,790,476	52.1%
2	Waverton Investment Management Limited	UK	66,610,817	30.5%
3	Private & Commercial Finance Group plc	UK	15,081,176	6.9%
4	West Hamilton Holdings Limited	Bermuda	6,793,496	3.1%
5	Ascot Lloyd Holdings Limited	UK	5,186,240	2.4%
6	Merrion Capital Holdings Limited	Ireland	4,103,775	1.9%
7	Westhouse Holdings plc	UK	3,339,679	1.5%
	Core Investments		214,905,659	98.4%
	Other investments		3,378,733	1.6%
	Total Investments		218,284,392	100.0%

CHAIRMAN'S STATEMENT

I am pleased to write to you as Chairman of Somers Limited ("Somers" or the "Company") and to present the results for the year ended September 30, 2014.

Somers has had its second consecutive year of strong growth since inception, and the Company's net asset value ("NAV") per share now stands at $18.96 up from $16.81 a year ago and $14.34 at Somers' incorporation in 2012. These results reflect the strong performance from our two largest investments, Bermuda Commercial Bank Limited ("BCB") and Waverton Investment Management Limited ("Waverton"), both of whom had profitable years. In particular, Waverton's improving profitability and the general strengthening of the UK economy and capital markets has seen the value of this investment grow by a further $24 million in 2014 following the $25 million investment gain recorded for 2013. These gains at Waverton were the key contributors to Somers' strong 2014 performance but were partially offset by the impact of the strong US Dollar against Sterling.

Somers was incorporated in 2012 following a reverse amalgamation with BCB. Its objective is to make corporate investments and acquisitions in the financial services sector with the intention of generating returns through both capital and income. In the six years following the 2008 global financial crisis, financial institutions continue to reduce the size of their balance sheets and this has presented a number of opportunities to make investments and acquisitions at attractive valuations. In 2013, our first year of operations, we made a number of important acquisitions, primarily Waverton and Private & Commercial Finance Group plc ("PCFG") which, along with BCB, now form the core of our investments.

While we did not repeat the high transaction levels of 2013, which were funded by a number of share issues and a successful warrant issue, we did make a number of smaller investments in 2014. These investments included a further investment in Ascot Lloyd Holdings Limited ("Ascot Lloyd") to fund what we consider is a strong value enhancing acquisition and we completed an investment in Merrion Capital Holdings Limited ("Merrion"). Merrion provides stockbroking, corporate finance advisory and funds management services mainly to the domestic Irish market. We look forward to benefitting from the synergies Merrion can bring to other parts of the Somers group.

Strategy

Somers is a mid to long term investor with low levels of leverage; therefore, the level of new investments made by Somers is expected to correlate with new capital growth. Somers' primary objective is to deliver superior per share total return through both capital and income, which in turn can be expected to be reflected in share price growth. To achieve this, the Company seeks to invest in undervalued companies within the financial services sector and has the flexibility to make investments in a range of financial related sectors and markets. The Company will identify and invest in opportunities where the underlying value is not reflected in the market or purchase price. The perceived undervaluation may arise from a variance of factors including the limited number of potential buyers, the paucity of bank lending to smaller financial service companies and the abundant supply of financial service companies for sale as banks continue to deleverage in response to the global credit crisis.

Somers will generally aim to achieve a control position but is equally comfortable with a portfolio position if the purchase price or investment instrument is sufficiently attractive. The Company aims to maximise value for shareholders by holding a reasonably concentrated portfolio of investments and maintaining a prudent level of gearing. These investments can be both in the unlisted and listed arenas. Besides looking for 'bolt-on' opportunities, the Company hopes to extract synergistic benefits from the investee companies on both costs and revenue as investee companies are encouraged to collaborate with each other and share resources where appropriate.

Somers expects to be supportive of its investee companies, maintain regular dialogue with the management, have strategic input and where appropriate, provide additional capital to ensure that the companies can develop and grow.

The business model the Somers' Board has adopted to achieve its objective is to appoint an external investment manager to whom it has contractually delegated the management of the portfolio. The Company has appointed ICM Limited ("ICM") to manage the portfolio in accordance with the Board's strategy of generating a capital and income return. Details about the ICM investment team responsible for the management of the portfolio is detailed in the Investment Management Team section of this report.

Financial Results

During the year to September 30, 2014, Somers early adopted the amendments to accounting standard, IFRS 10. Under the amendments, Somers, as an investment company, no longer consolidates its controlled investments other than those subsidiaries that provide services to the Company. Our controlled investments, including BCB, Waverton, PCFG, Westhouse Holdings plc ("Westhouse") and West Hamilton Holdings Limited ("WHH") are now recorded at their fair value. The result has been a strong increase in Somers' NAV in 2014 and 2013. Profit levels have been driven primarily by the uplift in valuation of Waverton and were partially offset by the strengthening of the US Dollar against Sterling. The Company's 2013 results have been restated in compliance with the new accounting guidance and all references in this report to prior year figures use the restated comparatives.

The Company recorded net income of $32.2 million for the year equating to an annualised total return on shareholders' equity (including dividends) of 15.0%. This compares to net income of $33.7 million in 2013 and a total return of 19.7%. Earnings per share (on both a basic and fully diluted basis) were $2.89 compared with basic and fully diluted earnings of $3.89 and $3.88 in 2013. The net result was that our 2014 growth outpaced that of the FTSE 100 Total Return Index, one of our primary benchmarks, which rose by 6.1% in the same period.

Gains on investments were $28.4 million in 2014 mirroring the strong investment gains recorded in the restated 2013 accounts. Both the 2014 and 2013 figures resulted primarily from increases in the value of our 62.5% subsidiary, Waverton, whose EBITDA derived value has increased steadily since our acquisition of this company in August 2013. We believe Waverton was acquired at an attractive valuation and the Company has benefitted from the fair value valuations in 2013 and 2014. We anticipate future gains on this investment will be more modest compared to the gains recorded in 2014 and 2013. Therefore we expect overall investment gains at Somers to return to a more normalised level in 2015. Our investment in BCB, our 100% owned Bermuda bank, showed a gain of $4.3 million in 2014 following growth in the Bank's NAV on the back of a profitable year and after the payment of $7.5 million of dividends to Somers.

Our two largest investments, BCB and Waverton, reported strong results for the year with pre-tax net income of $9.2 million and $11.7 million respectively. Waverton's Assets under Management ("AuM") increased to $8.4 billion (£5.2 billion) from $6.4 billion (£4.0 billion) last year, and this growth drove the strong annual results and the $24 million increase in Waverton's valuation. Waverton was acquired in August 2013 by Somers using a combination of debt and equity. Prior to the year end, Waverton refinanced its acquisition debt externally and repaid Somers' outstanding loan. The Company's other investments continue to perform in line with expectations. A more in depth analysis of the Company's major investments is set out in the Summary of Investments section of this report.

Dividend income increased to $7.9 million from $6.4 million a year earlier following an increase in dividend payments from BCB.

Our cost base is actively managed and monitored on an ongoing basis. However, consistent with 2013, total expenses remained at elevated levels on account of the accrual for performance based investment management fees following the strong performance of the investment portfolio. Excluding investment management fees, operating expenses increased due to the increased activity at the Company and the fact that many of our investments were acquired midway through the prior year thereby reducing the level of expenses in 2013.

Somers' balance sheet remains strong with total assets at September 30, 2014, of $223.6 million (2013: $216.7 million). Within investments, BCB at $113.8 million and Waverton at $66.6 million together represent 82.6% of the total value of the Company's investments. It is anticipated that this concentration will reduce over time as new investments are made.

Shareholders' equity increased by 19.8% to $215.1 million as at September 30, 2014, from $179.6 a year earlier. $7.6 million of this growth resulted from net new share issuances while the remaining $27.9 million resulted from an increase in retained income. The closing diluted net asset value per share was $18.96.

New Investments during 2014

Our new investments in 2014 were funded by new share issuances, the exercise of warrants, utilisation of credit facilities and net positive cash flows from existing investments. We made the following key investments during the year:

- Investment of €3.3 million in Merrion giving a potential economic interest of 20.5%. Merrion is an Irish independent financial services firm providing stockbroking, corporate finance advisory and funds management services to a mainly domestic Irish client base.
- Invested a further £2.15 million in Ascot Lloyd, bringing our total potential economic interest to 32.5%.
- Increased our shareholding in Westhouse Holdings plc to 84.6%.
- Invested €0.3 million for a 23.8% shareholding in Incol Limited ("Incol"). Incol is a newly created funding platform for financial institutions.

Share Price performance and Share buybacks

The market value of the Company's common shares on the Bermuda Stock Exchange increased by 14.6% during the year ending September 30, 2014, to $13.75 which represents a 27.5% discount to net asset value. This compares to a share price and discount of $12.00 and 28.6% respectively as at September 30, 2013.

The Board continues to monitor Somers' share price and believes that the current market price does not fully reflect the underlying value of the Company's investments, and as such, may continue to buyback shares when opportunities arise. During the year, a total of 148,095 shares were bought back at an average price of $12.36 per share. The majority of these shares were cancelled prior to year end. As of September 30, 2014, the issued share capital was 11,301,084.

Dividend

The Board has resolved to pay a final dividend per share of $0.22 (2013: $0.20). The total dividend payment for the year was $0.37 a share, an increase of $0.05 per share compared to 2013. The total payment for 2014 equates to a dividend yield of 2.7% based on the Company's closing price as at September 30, 2014, and a yield of 2.0% based on the closing NAV price. The record date for the dividend will be January 13, 2015, and the payment date will be February 6, 2015.

Dividend Reinvestment Plan ("DRP")

Following consultation with Shareholders and the adoption of amendments to IFRS 10, the Somers Board has resolved to reinstate the Company's DRP with effect from the dividend payment date of February 6, 2015. This will enable Shareholders to elect to receive shares in lieu of cash dividends. A number of Shareholders had expressed their preference for the reinstatement of the DRP. With the Company now accounting for its investments using a fair value accounting method, the Directors believe that Shareholders are now better placed to understand the full value of Somers' investments. The share price to be used for the DRP will be $14.00 per share, equal to the mid-price of the Company's common shares as at December 18, 2014.

There have been no changes to the DRP since it commenced on February 8, 2013, and all Shareholders will be sent a letter providing them the option to participate in the DRP.

Outlook

In keeping with the Board's objectives we are building an increasingly diversified portfolio of investments across a number of financial services sectors and we continue to evaluate a number of potential investments. We expect our investee companies to continue to make good progress at the operating level and this should produce positive results for Somers over the medium to long term.

In the short term, there is much to be concerned with particularly in Europe, Russia and the Middle East, and we expect the current challenging investment conditions to continue. In addition, we recognise that with the majority of our investments operating in the financial services sector there will be increased regulatory costs which will impact the financial performance of our investments. There is likely to be increased volatility in capital markets in 2015 with the US looking to tighten interest rates, contrasting with quantitative easing in both Europe and Japan.

However, there still remain a number of interesting investment opportunities and together, with improving sentiment in western economies such as the US and UK, we look forward to the coming year with confidence.

Warren J McLeland

Warren McLeland
Chairman

DIRECTORS

Warren McLeland (Chairman)

Mr. McLeland is a Science and MBA graduate and was formerly a stockbroker and investment banker. He is Chief Executive Officer of RESIMAC Limited, a wholesale funder, originator, servicer and securitiser of loans based in Australia. In addition, he acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is a non-executive director of Utilico Investments Limited.

David Morgan

Mr. Morgan has over 35 years of experience in international banking, building his career at Standard Chartered Bank in Europe and the Far East and becoming Chief Executive Officer for the UK and Europe in 1998. Since leaving Standard Chartered in 2003, he has been involved in a wide range of business advisory and non-executive roles. Mr. Morgan is currently Deputy Chairman of Bermuda Commercial Bank Limited and a non-executive director of Waverton Investment Management Limited, Private & Commercial Finance plc and Ascot Lloyd Holdings Limited.

Alasdair Younie

Mr. Younie is a director of ICM Limited, a Bermuda based fund management company and is a qualified chartered accountant. Mr. Younie previously worked in corporate finance at Arbuthnot Securities Limited in London and prior to that at PricewaterhouseCoopers in London. He is a non-executive director of the Ascendant Group Limited, Bermuda Commercial Bank Limited, Bermuda First Investment Company Limited and West Hamilton Holdings Limited. Mr. Younie is also a member of the Institute of Chartered Accountants in England and Wales.

Charles Jillings

Mr. Jillings is an employee of Utilico Investments Limited and Utilico Emerging Markets Limited. He is responsible for assisting in the running of the two companies and the investment portfolios in conjunction with ICM Limited where he is also a director. Mr. Jillings is qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He is a director of Merrion Capital Holdings Limited, Waverton Investment Management Limited, KeyTech Limited and Westhouse Holdings plc.

Duncan Saville
(appointed December 10, 2014)

Mr. Saville was appointed to the Board on December 10, 2014. Mr. Saville is a chartered accountant with over 30 years of experience in the securities industry and is a director of ICM Limited. He is an experienced non-executive director and was formerly a non-executive director of Utilico Investment Trust plc and a number of companies in both the water and airport sectors. He is a non-executive director of Infratil Limited, New Zealand Oil and Gas Limited and West Hamilton Holdings Limited.

J. Michael Collier
(retired December 10, 2014)

Mr. J. Michael Collier, who has spent his career working in the banking and financial sector, retired from the Board on December 10, 2014.

INVESTMENT MANAGEMENT TEAM

The Directors are responsible for the Company's investment policy and have overall responsibility for the Company's day-to-day activities. The Company has, however, entered into an Investment Management Agreement with ICM Limited ("ICM") under which ICM provides investment management services to the Company including stock selection, portfolio monitoring and research.

ICM is a Bermuda based fund manager and corporate finance adviser. Other ICM clients include Utilico Investments Limited and Utilico Emerging Markets Limited, both listed on the London Stock Exchange, and Bermuda Commercial Bank Limited.

ICM focuses on finding investments at valuations that do not reflect their true long term value. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. ICM manages some £1.5bn directly and has indirect involvement in over £7.5bn in a range of mandates. ICM has 35 staff based in offices in Bermuda, UK, South Africa, Ireland, Singapore, Australia, New Zealand and Hong Kong. The investment teams are led by Charles Jillings and Duncan Saville, who are both directors of ICM.

The Directors believe that ICM has performed consistently since its appointment by the Company. As such, it is the view of the Directors that it is in the best interests of the shareholders to continue with the current appointment of ICM under the terms agreed.

Charles Jillings

Mr. Jillings is an employee of Utilico Investments Limited and Utilico Emerging Markets Limited. He is responsible for assisting in the running of the two companies and the investment portfolios in conjunction with ICM Limited. Mr. Jillings is qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He is a director of Merrion Capital Holdings Limited, Waverton Investment Management Limited, KeyTech Limited and Westhouse Holdings plc.

Sandra Pope

Ms. Pope is a qualified chartered accountant and holds the Securities & Investment Institute Certificate of Corporate Finance. She worked in corporate finance at Deloitte Haskins & Sells, Hill Samuel Bank and Close Brothers for 10 years and has worked for the ICM group since 1999. She is a director of ICM IR (ICM's 100% subsidiary). She is also a director of several private companies and Westhouse Holdings plc.

Alasdair Younie

Mr. Younie is a director of ICM Limited and is a qualified chartered accountant having previously worked in corporate finance at Arbuthnot Securities Limited in London and prior to that at PricewaterhouseCoopers in London. He is a non-executive director of the Ascendant Group Limited, Bermuda Commercial Bank Limited, Bermuda First Investment Company Limited and West Hamilton Holdings Limited. Mr. Younie is also a member of the Institute of Chartered Accountants in England and Wales.

Duncan Saville

Mr. Saville is a chartered accountant with over 30 years of experience in the securities industry and is a director of ICM Limited. He is an experienced non-executive director and was formerly a non-executive director of Utilico Investment Trust plc and a number of companies in both the water and airport sectors. He is a non-executive director of Infratil Limited, New Zealand Oil and Gas Limited and West Hamilton Holdings Limited.

SENIOR MANAGEMENT OF INVESTEE COMPANIES

Somers' senior management team is comprised of the senior management of Somers' operating investments.

Peter Horton, CEO
Bermuda Commercial Bank Limited
Mr. Horton joined BCB in October 2013 having previously been CEO of the Bank of Maldives. He has previously held senior posts at Barclays Bank in Kenya, LEMA Group in South Africa, First Caribbean International Bank in the Bahamas and Turks and Caicos.

Lasantha Thennakoon, CFO
Bermuda Commercial Bank Limited
Mr. Thennakoon joined BCB in May 2014. Prior to joining BCB, he worked as a senior finance professional in the banking sector in the APAC region including as the CFO of Fiji Development Bank and Bank of Maldives.

John Anderson, Chairman
Waverton Investment Management Limited
Mr. Anderson joined Waverton as a Director in 1988 having previously held senior positions at Schroder Securities Limited and Panmure Gordon & Co. Mr. Anderson was appointed Chairman in 2009.

Hugh Grootenhuis, CEO
Waverton Investment Management Limited
Mr. Grootenhuis joined Waverton in 1999 as a director of new business. He previously worked for the Schroder Banking Group for 18 years where he obtained a wide range of investment banking experience. In June 2009, Mr. Grootenhuis was appointed CEO.

David Welch, FD
Waverton Investment Management Limited
Mr. Welch joined Waverton in 1997 after 4 years in treasury operations for Man Group. He became Finance Director in July 2009.

Mark Brown, Executive Chairman
Westhouse Securities Limited
Mr. Brown joined Westhouse as Executive Chairman in November 2014. He was previously Chief Executive Officer of Collins Stewart Hawkpoint and has a wealth of experience and leadership in both small and large investment banks.

Andrew Proctor, CFO
Westhouse Securities Limited
Mr. Proctor joined Westhouse in July 2013. Prior to that he was CFO at N+1 Singer and has served in a similar role at an international CFD house and with banking and capital markets businesses in Singapore and South Africa.

Scott Maybury, CEO
Private & Commercial Finance Group plc
Mr. Maybury was one of the founding directors of Private & Commercial Finance Group plc. After qualifying as an accountant, he spent 6 years with BHP-Billiton, and 5 years with McDonnell Douglas Bank.

Robert Murray, Managing Director
Private & Commercial Finance Group plc
Mr. Murray was one of the founding directors of Private & Commercial Finance Group plc. He has 35 years of banking and finance experience and has been involved in lending to personal, corporate and international customers.

Zane Kerse, FD
Private & Commercial Finance Group plc
Mr. Kerse, a Chartered Accountant, has been with Private & Commercial Finance Group plc since 2001. Prior to this he worked in the retail motor and financial software industries. Mr. Kerse became Finance Director in 2008.

Richard Dunbabin, CEO
Ascot Lloyd Holdings Limited
Mr. Dunbabin acquired the majority interest in Ascot Lloyd in 2003. Prior to this he was a consultant with Marsh & Mclennan's e-Business and product distribution division. Richard has extensive financial experience having previously been involved with pension consultancy and the insurance internet business.

Pat O'Hara, Managing Director
Ascot Lloyd Holdings Limited
Mr. O'Hara has been involved with the independent financial advisory business since 1991 when he founded the IFA firm, Professional Intermediary Services. Prior to this he was a consultant with Sun Life Assurance and also ran the financial planning arm of an insurance broking firm.

Patrick O'Neill, CEO
Merrion Capital Group
Mr. O'Neill previously worked as a fund manager for the Merrion Discovery Fund and is also a partner in First New York Securities, a New York based proprietary trading firm. He is also a non-executive director and principal of Montana Capital Limited.

Ivan Fox, Non-Executive Chairman
Merrion Investment Managers Limited
Mr. Fox has over 25 years of experience in the investment industry having held senior positions with Bank of Ireland Asset Management, Irish Life Investment Managers and Standard Life.

BOARD RESPONSIBILITIES AND GOVERNANCE

Role of the Board

The Company's Board of Directors is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits.

The Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long term; the need to foster the Company's business relationships with its Investment Manager and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. The Directors are responsible for both the proper conduct of the Company's affairs and for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. In addition, the Directors are responsible for ensuring that the Company's policies and operations are in the best interests of the Company as a whole and that the interests of creditors and suppliers to the Company are properly considered.

A schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The main responsibilities include: setting the Company's objectives, policies and standards, considering any major acquisitions or disposals of portfolio companies, ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy, managing the capital structure, setting long term objectives and strategy, assessing and managing risk, reviewing investment performance, monitoring the net borrowing position and consideration of the appropriate use of gearing, undertaking audit committee responsibilities, reviewing Directors' remuneration, undertaking nomination responsibilities and assessing the Investment Manager on an ongoing basis. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding the Company's shares through the financial details given in the annual and quarterly financial report disclosures.

The Directors monitor performance by regularly considering a number of performance indicators to assess the Company's success in achieving its investment objectives. These include share price performance and NAV developments, net cash flow, ROE reports at the Company and underlying investment level, risk management and adherence to investment guidelines issues. Additionally, the Directors receive regular updates on the performance of the Company's individual investments.

Board Meetings

The Board meets at least four times a year, and between these scheduled meetings there is regular contact between Directors, the Investment Manager and the Company Secretary, including strategy meetings and Board update calls. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors may request any agenda item to be added that they consider appropriate for Board discussion. In addition, each Director is required to inform the Board of any potential or actual conflict of interest prior to Board discussion. The Directors also have access where necessary in the furtherance of their duties to independent professional advice at the expense of the Company.

In the financial year ended September 30, 2014, the Board met each quarter to review the activities of the Company for that period and held a meeting devoted solely to strategic issues. Additional meetings were held at short notice to consider limited objectives. All Directors received notice of the meetings, the agenda, and supporting documents and were able to comment on the matters to be raised at the proposed meeting. In addition to the formal quarterly, strategy, and ad-hoc meetings, the Board also receives detailed updates from the Investment Manager via update calls.

Board Changes

Somers seeks to maintain a balanced board commensurate with the business activity of the Company. The current Board has a breadth of experience relevant to the Company and a balance of skills, experience and age. Applicants are assessed on their broad range of skills, expertise and industry knowledge, and business and other experience.

During the course of the year, Somers added Mr. Charles Jillings to the Board of the Company. Mr. Jillings has a range of skills, expertise and experience within financial services companies. He is a chartered accountant and previously worked in corporate finance at Hill Samuel. He has been a director of a number of listed and unlisted companies including Utilico Investment Trust plc and Utilico Emerging Markets Limited and is an experienced director having previously been a non-executive director in the water, waste, and financial services sectors. His current portfolio directorships include Keytech Limited and Waverton Investment Management Limited. Mr. Jillings is not deemed to be independent as he is an employee of Utilico Investments Limited and a director of ICM Limited, both of which are substantial shareholders and, in the case of ICM, the Company's Investment Manager.

Since the year end, Mr. J. Michael Collier has retired from the Board of Somers and Mr. Duncan Saville has been appointed as a Director, both with effect from December 10, 2014.

Mr. Saville is a chartered accountant with over 30 years of experience in the securities industry. He is an experienced non-executive director and was formerly a non-executive director of Utilico Investment Trust plc and a number of companies in both the water and airport sectors. He is a non-executive director of Infratil Limited, New Zealand Oil and Gas Limited and West Hamilton Holdings Limited. Mr. Saville is not deemed to be independent as he is a director of ICM, a substantial shareholder and the Company's Investment Manager.

BOARD RESPONSIBILITIES AND GOVERNANCE

Board Committees

Due to the nature of the Company being an externally managed investment company with no executive employees, the roles typically delegated to subcommittees are fulfilled by the Board as a whole. However, this status is regularly reviewed by the Board and action will be taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of the internal control and governance systems.

Audit Committee

There is no separate audit committee and the Board as a whole fulfils the function of an audit committee in relation to, amongst other things, monitoring the internal controls and risk management systems of the Company and its service providers, reviewing the financial statements of the Company, monitoring the independence of the external auditor and the effectiveness of the audit process and reviewing the findings of the external auditor. The Board considers that given its size (five Directors), the size of the Company and the low number of transactions, it would not currently be appropriate to establish a separate audit committee.

Remuneration Committee

The Board as a whole fulfills the function of a remuneration committee in relation to the setting and periodic review of the fees of the Directors and the Chairman. The Board considers that, given its size and the size and nature of the Company, it would not be appropriate to establish a separate remuneration committee.

Nomination Committee

The Board as a whole will consider new Board appointments and fulfils the function of a nomination committee. The Board considers that, given its size and the size and nature of the Company, it would not be appropriate to establish a separate nomination committee.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as 12 months after the signing of the balance sheet. The Directors considered the revenue forecast for the forthcoming year, expected cash flows from investments, future dividend payments and significant areas of possible liquidity risk and have satisfied themselves that no material exposures exist.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, BCB Charter Corporate Services Limited, a related party to the Company. The Company Secretary assists the Board, with advice from the Company's lawyers and financial advisers, in ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. The Company Secretary is responsible for advising the Board on all governance matters.

Principal Risks and Uncertainties

The Company and its investments are materially affected by a variety of risks and uncertainties in the global financial markets and economic conditions throughout the world. These risks and uncertainties include, but are not limited to, interest rates, currency, investment prices, credit, liquidity, investment managers and valuations. These factors are outside the Company's control and may affect the level and volatility of securities prices, the amount of distributions received, the liquidity and value of investments in the portfolio. The Company may be unable to mitigate its exposure to these conditions as efforts to manage its exposure may or may not be effective. Please refer to note 16 of the audited financial statements for a more detailed discussion of the above principal risks and uncertainties.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

Shareholder Relations

Shareholder communications are a high priority for the Board. A financial announcement detailing the performance of the Company is released to the Bermuda Stock Exchange on a quarterly basis and is available for viewing on the Company's website, www.somers.bm. Members of the Board and the Investment Manager's team make themselves available at all reasonable times to meet with principal shareholders, and feedback from these meetings is provided at the quarterly Board meetings.

In addition, the Board is also kept fully appraised of all market commentary on the Company by the Investment Manager and other professional advisers. Through this process, the Board seeks to monitor the views of shareholders and to ensure that the Company's communication programme is effective.

The Chairman and the Investment Manager will be available during each Annual General Meeting to answer any questions that attending shareholders may have.

SUMMARY OF CORE INVESTMENTS

Details of all investments representing over 1% of the total investment portfolio are reported below. Details of the subsidiary companies are given in note 4 to the accounts.

BERMUDA COMMERCIAL BANK LIMITED ("BCB" OR THE "BANK") www.bcb.bm

History

BCB was formed by an Act of Parliament in February 1969. The Bank operated under the management of Barclays Bank plc from its inception until May 10, 1993, when it sold its investment as part of a global rationalisation of its minority holdings. In April 2010, the majority shareholding in the Bank was purchased by an investor group through Permanent Investments Limited ("Permanent"). Permanent then distributed its shares in BCB directly to its investors.

In October 2012, BCB became a wholly-owned subsidiary of Somers and BCB's shareholders became shareholders in Somers on a one share for one share basis.

Financial Results

The Bank recorded net profit of $9.21 million for the year. This compares to net profit of $8.86 million in 2013, an increase of $0.35 million. Total revenue for the year was $32.86 million, an increase of $1.5 million (4.75%) compared to the year before.

Total net interest income for the year was $18.17 million, an increase of $2.20 million (13.75%) compared to the previous year. Net non-interest income for the year was $14.70 million (2013: $15.40 million). Gains from the sale of financial investments for the year ended September 30, 2014, were $17.84 million, compared to gains of $14.69 million recorded in 2013. Total expenses for the year were $23.65 million compared to $22.51 million recorded in 2013. The Bank is focused on controlling costs and the increase in expenses mainly reflected the Bank strengthening its key management team in certain strategic business areas.

Total assets as at September 30, 2014, were $592.57 million ($591.67 million as at September 30, 2013). Total customer deposit balances at the year-end were $471.28 million ($467.50 million as at September 30, 2013). The Bank's capital position remains strong with total equity increasing to $113.43 million at September 30, 2014, from $109.46 million recorded at September 30, 2013. This improvement resulted principally from unrealised marked to market gains on the Bank's financial investments portfolio and an increase in retained earnings. The Bank has complied with all minimum regulatory capital requirements prescribed by the Banking regulator, and at September 30, 2014, the Bank's Tier 1 and total capital ratios of 25.03% (2013: 22.34%) and 23.18% (2013: 20.69%) respectively, significantly exceeded the prescribed regulatory limits.

Strategy

During the year, the Bank continued to strengthen its management team with the appointment of Peter Horton as Chief Executive Officer, Lasantha Thennakoon as Chief Financial Officer, Hemant Ratanjankar as Chief Operating Officer and other key management positions. In addition, BCB completed the acquisition of the L.P. Gutteridge Building a 30,000 square foot commercial office in the centre of Hamilton, Bermuda, which will be its future home where all of the Bank's employees and operations will be consolidated. Work on the building is due to start in the second quarter of 2015 and should be completed during 2016.

The Bank's focus remains on providing financial solutions and a high quality of service to its corporate and high net worth clients. With the implementation of a new core banking system in 2015, it is anticipated that BCB will be in a stronger position to offer ancillary products to its customers and take advantage of technological advances in internet and mobile banking.

Valuation

Somers' investment in BCB has been valued at the fair value of BCB's identifiable assets and liabilities. Somers has a 100% interest in BCB and this was valued at $113.8 million.

Outlook

BCB's financial performance continues to be strong with its liquid and well capitalised balance sheet further strengthening over the course of the year. There are significant opportunities for BCB to continue to penetrate the market with new products and services. However, with a number of regulatory changes due to be introduced in 2015 as a result of the implementation of Basel III, BCB must develop a medium to long term strategy that will generate an acceptable return for Somers and its shareholders.

Offsetting the increased regulatory burden being placed on banks in Bermuda and globally are signs that the Bermuda economy is starting to recover from a prolonged period of recession. Coupled with the benefits associated with the hosting of the America's Cup in 2017, the Bank should have opportunities to develop its business, and we look forward to 2015 with cautious optimism.

WAVERTON INVESTMENT MANAGEMENT LIMITED ("WAVERTON") www.waverton.co.uk

History & Background

Somers, along with Waverton's management and staff, acquired Waverton from Credit Suisse AG in August 2013 for a total cash consideration of £50 million ($80.9 million). Somers owns 62.5% of Waverton with management and staff owning the balance.

Waverton was founded in 1996 as J O Hambro Investment Management and for the first 14 years the company was owned by the Hambro banking family. In 2000, the company was acquired by the Credit Suisse Group, although it remained a separate managed entity within Credit Suisse Private Banking. In January 2014, the company's name was changed to Waverton Investment Management from J O Hambro Investment Management.

Waverton is a London-based specialist investment manager which focuses on discretionary portfolio management for private clients, charities and institutions, as well as offering a suite of in-house managed investment funds. In addition to the private client services that Waverton provides, Waverton is also the investment manager to seven Dublin domiciled specialist funds. It has grown organically and has 117 employees including 29 portfolio managers and 6 assistant portfolio managers, who direct client relationship responsibilities.

Financial Results

Waverton had Assets under Management ("AUM") of £5.2 billion as at September 30, 2014 (September 30, 2013: £4.0 billion). Waverton's AUM has increased through a combination of new assets and an increase in value of existing assets. For the 12 months ended September 30, 2014, Waverton earned revenue of £31.1 million and recorded profit before tax of £7.2 million.

Waverton's European Fund, which was closed to new outside investors in September 2014 with approximately £1.1 billion under management, continues to perform well. Other areas of the business attracted new assets in 2014 and in the current financial year there will be a focus on increasing assets from private clients, the charities sector and global institutional mandates. Waverton is experiencing increased costs due to greater regulation, and it is anticipated that with the advent of FATCA and other regulations, costs will continue to rise in 2015 and beyond.

Waverton was acquired by Somers in August 2013 and in the intervening period Waverton has been able to refinance its internal acquisition loans and return funds to Somers. This is both beneficial to Somers as it has freed up funds for further investments and is a sign of the financial strength of Waverton. In 2015, Waverton is aiming to reduce its external debt further such that it is in a position to pay a dividend to Somers in 2016.

Valuation

Somers' investment in Waverton has been valued based on peer comparisons using an EV/EBITDA valuation methodology. Over the course of the year, Waverton's EBITDA increased to £8.6 million from £7.1 million a year earlier while the peer multiple also increased by 9%. These increases along with the absence of any earnings distributions resulted in an increase in the value of Somers' investment in Waverton to £41.1 million from £26.4 million at September 30, 2013.

Outlook

At September 30, 2014, Waverton represented 30.5% of Somers' investment portfolio and its recent performance has had a material positive impact on Somers' overall performance. The UK's recent economic performance appears relatively robust with September 2014 GDP quarter growth of 0.7%. However, weak European macro-economic data and the deterioration of investor sentiment remain persistent challenges. How these factors play out is likely to have an impact on the performance of the capital markets in 2015 and will impact Waverton's 2015 AUM levels with a direct correlation to the firm's profitability, EBITDA and valuation.

PRIVATE & COMMERCIAL FINANCE GROUP PLC ("PCFG") www.pcfg.co.uk

History & Background

PCFG was established in October 1993, and the company's shares were admitted to trading on the Alternative Investment market of the London Stock Exchange in September 1998. Over the last 20 years, PCFG has assisted over 60,000 customers with financing for the purchase of vehicles and other assets.

PCFG has two operating divisions:

- Consumer Finance Division, which provides finance for motor vehicles (motor cars, classic cars and horseboxes) to consumers; and
- Business Finance Division, which provides finance for vehicles, plant and equipment to small and medium sized enterprises.

PCFG looks to finance vehicles and assets which have strong collateral characteristics and readily identifiable second-hand markets. Its preference is therefore to finance assets such as motor cars, light and heavy commercial vehicles, coaches, buses and manufacturing and construction equipment. PCFG also likes to have a large number of clients to spread the risk and as at September 30, 2014, it had over 12,000 clients.

With the support of the Somers Group, PCFG was able to issue two tranches of convertible loan notes, in November 2012 and September 2013 respectively. This gave PCFG a firmer financial footing and enabled them to negotiate a new three year facility with Barclays Bank which in turn has lead to an improved financial performance. Additional facilities have been negotiated in the current financial year.

Financial Results

On November 26, 2014, PCFG announced their results for the six months ended September 30, 2014. PCFG reported an increase in profit before tax of 69% to £0.9 million and a return on average assets of 1.8% (2013: 1.2%). PCFG's short term aim is to generate a return on average assets of 2.0% in 2015. Diluted earnings per share increased by 50% to 0.6p and net assets increased to £11.1 million, with diluted net assets per share of 12.3p. The total portfolio had grown to £94 million (2013: £86 million) and as at September 30, 2014, PCFG had headroom on its debt facilities of £11.8 million which has increased by a further £8 million since the period end.

Somers is interested in 15,553,800 shares in PCFG representing approximately 29.3% of PCFG's issued share capital. In addition, Somers is interested in £8.5 million unsecured convertible loan notes ("CLNs") issued by PCFG with a conversion price of 8.5p, £2.67 million of which are directly held by BCB. If Somers converted their CLNs then the Group would have a diluted economic interest in PCFG of approximately 68%. As at September 30, 2014, PCFG's market capitalisation was approximately £7.2 million ($11.6 million), excluding the value of the convertible loan notes. Its share price was 13.5p and its diluted net asset value was 12.3p.

Valuation

Somers' equity investment in PCFG is marked to market and as at September 30, 2014, was valued at £2.1 million. Somers investment in the CLNs as at September 30, 2014, was valued at £7.2 million.

Outlook

PCFG continues to focus on its application for a deposit taking license. The company is currently selecting suitable IT systems and completing the regulatory business plan, and whilst this project is approximately three months behind plan due to moving to new premises, PCFG remains confident it will progress in the first half of 2015. A successful application should have a significant impact on PCFG's results as it would decrease its cost of funding significantly and reduce its reliance on banks for funding.

WEST HAMILTON HOLDINGS LIMITED ("WEST HAMILTON")

History & Background

West Hamilton is a Bermuda Stock Exchange listed property investment company with significant property assets in Bermuda in which Somers has an equity interest of approximately 15%. The company was formerly known as the Bermuda Bakery Limited. It changed its name to West Hamilton Limited and became a property management and development company in 2004.

West Hamilton owns two commercial properties, covering over two acres, known as the Belvedere Building and the Belvedere Place 309 space car parking facility on Pitts Bay Road in the west of Hamilton, Bermuda. West Hamilton's original intention was to develop the property and work began at the Belvedere site in January 2007 but ceased in December 2010 with the completion of the underground parking facility and all other infrastructure work. The company halted construction in December 2010 because of the large surplus of vacant office space in the Bermuda market.

With international business in Bermuda favouring the west of Hamilton, West Hamilton is in the final design and planning stages of a nine condominium residential development and the construction of an additional two levels of parking.

Financial Results

For the year ended September 30, 2014, West Hamilton reported net profit of $0.4 million (nine months ended September 30, 2013: $2.4 million) on income of $1.8 million (nine months ended September 30, 2013: $1.5 million). The reduction in profit was principally due to the one off gain in 2013 of the disposal of West Hamilton's holding in BF&M Limited, generating a one-time realised profit of $1.9 million and the loss of its major tenant in the Belvedere Building. West Hamilton had net assets of $29.9 million as at September 30, 2014 (2013: $30.4 million).

Development

As referenced above, West Hamilton's results were impacted in 2014 by the loss of a major tenant in the Belvedere Building. However, it is pleasing to note that replacement tenants have been found. The new tenants have signed long leases with options to renew for additional years. This will have a significant impact on the future profitability of the company.

With the Belvedere Building 90% occupied and the car park facility 100% leased with a long waiting list, West Hamilton has focused on generating income from the rest of the property. To that end, West Hamilton has been evaluating the construction of nine high quality condominiums on a portion of the property and additional levels of parking. There have been significant levels of interest in the condominiums and with increased third party activity in the west of Hamilton we would expect increased parking availability to be attractive. These evaluations are at an advanced state and we would expect progress with these plans in 2015.

Valuation

Somers' equity investment in West Hamilton has been valued using the fair value of West Hamilton's identifiable assets and liabilities. Somers has a 15.01% direct interest in West Hamilton and an additional 42.05% interest is held indirectly by BCB giving a total holding of 57.05%. Somers' direct 15.01% holding was valued at $6.8 million. BCB's 42.05% holding was valued at $19.0 million and was incorporated within BCB's valuation.

Outlook

There are signs that Bermuda is slowly emerging from the recession with modest GDP growth forecast in 2015. In addition, with hosting of the America's Cup in 2017, this will increase Bermuda's international exposure and potentially trigger investment in Bermuda. However, Bermuda continues to have an oversupply of commercial and residential real estate space and an economy faced with a number of challenges. West Hamilton has performed well against this backdrop, and with their assets at near capacity, the company is well positioned to grow through the further development of its site. We would anticipate 2015 being a year of development for the company and progress on developing its residential and commercial product.

ASCOT LLOYD HOLDINGS LIMITED ("ASCOT LLOYD") www.ascotlloyd.co.uk

History & Background

Ascot Lloyd is an independent financial adviser ("IFA"), regulated by the Financial Conduct Authority with a number of offices across the UK. Ascot Lloyd provides a financial planning service for personal and corporate clients incorporating the use of protection products, investment products, pension planning and tax planning.

Ascot Lloyd dates back to the 1930s when it started as a firm of accountants, and by the 1980s a specialist investment firm was set up to provide advice to the clients of the accountancy business. Following a corporate transaction the business was renamed Ascot Lloyd Financial Services Limited in 2003 and in the subsequent years it grew both organically and via a number of acquisitions driven in part by the need for scale and the regulatory reform in the UK which has driven the market to consolidate. Post the year end, Ascot Lloyd was rated in the top 100 of IFAs in the UK.

Somers is interested in two 6% Ascot Lloyd convertible loan notes, with a total value of £3.2 million. Upon conversion of the two convertible loans (assuming both are fully drawn down) then Somers would be interested in approximately 32.5% of Ascot Lloyds diluted issued share capital. In addition, Somers has made available a loan to Ascot Lloyd of £1.2 million, of which £0.95 million is drawn down.

Acquisition

In September 2014, Ascot Lloyd completed the acquisition of IFG Financial Services. The initial purchase consideration was £3.5 million with up to a maximum of £5.6 million in additional contingent deferred revenue linked consideration, payable in installments on the 1st and 2nd anniversary of the sale. This was a significant acquisition for Ascot Lloyd, and Somers provided the initial funding to enable the acquisition to complete. The balance of the funding will be generated from the combined businesses.

This acquisition doubled the size of the Ascot Lloyd business bringing in significant levels of recurring revenue and operational synergies. The acquisition also brought a number of locations which Ascot Lloyd was not present in, notably London. For the next 12 months, Ascot Lloyd will be focusing on delivering the synergies and driving the growth from the combined business which should have a positive impact on its financial results.

Financial Results

For the nine months ended September 30, 2014, Ascot Lloyd reported unaudited revenue of £5.1 million, gross profit of £4.3 million and operating profit of £0.4 million. These numbers include the IFG results from the date of acquisition.

Valuation

Somers' investment in Ascot Lloyd was valued at £3.2 million at September 30, 2014.

Outlook

We are supportive of Ascot Lloyd's management's strategy of pursuing bolt on acquisitions in a consolidating sector. For a number of years Ascot Lloyd has been seeking a suitable acquisition that would lead to a step change in the business's performance. IFG has the potential to be that acquisition, and the doubling of the size of Ascot Lloyd should enable the company to benefit from the operational gearing associated with scale. The acquisition does not come without risk and the true value of the acquisition will depend on the company's ability to generate synergies and grow its recurring revenue. We look forward to Ascot Lloyd growing over the next 12 months.

MERRION CAPITAL HOLDINGS LIMITED ("MERRION") www.merrion-capital.com

History & Background

Merrion was established in 1999 as an independent financial services firm providing stockbroking, corporate finance advisory and fund management services to a mainly domestic Irish client base.

In July 2014, Somers invested a total of €3.25 million in Merrion alongside existing management and Brehon Capital Partners Limited, a Dublin based real estate, private equity investment and asset management firm. Somers has an approximate 6% equity interest and also a €2.5 million three year 3% convertible loan note which when converted would give Somers a total equity interest of approximately 20% in Merrion.

Merrion has a number of revenue streams including Private Clients, Retail Asset Management, Fixed Income, Corporate Finance and Merrion Investment Management ("MIM"). The two main business lines are MIM (institutional asset management) (32% of total 2013 revenues) and Private Clients/Stockbroking (35% of total 2013 revenues). Merrion's total revenue in 2013 was €13.3 million and net profit after tax was €0.7 million.

MIM has c. € 880 million assets under management and a successful performance track record. It is a niche player in the Irish institutional pension fund market and competes with a limited number of domestic players (Irish Life) and a number of institutional players such as Zurich, Standard Life and Blackrock who have presences in Ireland. Their flagship fund is the Merrion Managed Fund.

The private client business manages c. €250 million of private client funds across 3,000 accounts, mainly on an advisory and execution only basis and generated revenue of €4.6 million in 2013. Furthermore, there is pension/trustee business as part of the overall division which provide Inland Revenue approved private pension platforms to High Net Worth clients.

Valuation

Somers' investment in Merrion was acquired in July 2014 and as at September 30, 2014, is valued at cost.

Outlook

The investment in Merrion is a recent investment but we are pleased with its performance to date and believe that there are a number of opportunities for Merrion to grow its existing products. In addition, we believe that there are opportunities for Merrion to leverage some of Somers' other investments, e.g. Westhouse. We have developed a good working relationship with management and anticipate that the business will grow in 2015 and beyond.

WESTHOUSE HOLDINGS PLC ("WESTHOUSE") www.westhousesecurities.com

History & Background

Westhouse is located in London and is a corporate and institutional stockbroking group with a focus on a number of market sectors with particular expertise in mining, oil and gas, insurance, support services, growth companies, media and investment funds. Westhouse's target market is the small and mid-market capitalised companies listed in London. Westhouse generates its revenue through equity research, sales, trading and corporate finance and broking revenues.

Westhouse Securities LLP was formed in 2004 with the demerger of Brown Shipley's corporate finance and broking business into a new company part-owned by Kredietbank SA Luxembourgeoise ("KBL") and part by management. In July 2006, KBL sold their interest in Westhouse to management and the Hanson family. The business was renamed Hanson Westhouse and undertook a reverse takeover of AIM quoted SovGEM Limited in June 2009. The company was subsequently renamed Westhouse Holdings plc and in December 2010 it acquired Smith's Corporate Advisory, an independent corporate broking and investor relations business. In January 2012, Westhouse acquired Arbuthnot Securities and the businesses were integrated under Westhouse.

Post the year end, Somers announced that Mark Brown had been appointed as a consultant to Somers' UK and Irish investments and Executive Chairman to Westhouse. Mr. Brown comes with a proven track record in both small and large investments banks. He was Chief Executive Officer of ABN's UK equities business and more recently, he led the successful turnaround of Arbuthnot Securities followed by Collins Stewart Hawkpoint. Previously, he was the Global Head of Research for ABN AMRO and HSBC.

Financial Results

The market for IPO and secondary fundraisings in the London market, in which Westhouse focuses, has improved in 2014 and this is reflected by better corporate finance revenues. Secondary commissions continue to be impacted by regulatory changes to the way that fund managers pay for research from the broking community. This is a long term structural issue and one which Westhouse will need to adapt to moving forward.

For the nine months ended September 30, 2014, (Westhouse changed its year end from December to September so as to coincide with Somers), Westhouse reported audited revenue of £8 million (2013: £11 million for 12 months), operating loss of £1.5 million (2013: £2.9 million for 12 months) and a loss before tax of £1.5 million (2013: loss of £4.3 million for 12 months). As at September 30, 2014, shareholders' funds were £1.9 million. Both the quarters ended June 30 and September 30 were profitable which highlighted the importance of completing corporate transactions. Westhouse had 65 corporate clients as at September 30, 2014 (2013: 70), who are generating recurring revenue for Westhouse in the region of £5 million.

Valuation

Westhouse's trading performance, whilst improved from the prior year, continues to underperform. This is disappointing against the backdrop of stronger global markets which have been underpinned by significant flows of money from the world's central banks. The trading performance started the year in positive fashion, but has dropped off due to a prolonged period of low volatility in the market and the shortage of capital that has been allocated to the market making book.

On account of the continued weak performance at Westhouse, Somers' valuation of this investment was reduced to £2.0 million as at September 30, 2014.

Outlook

We believe Westhouse is better positioned for growth than 12 months ago. The fundraising in early January 2014 has provided a base for the business and the changes in personnel throughout the business has strengthened the product that the company can offer. Its financial performance is still reliant on successful corporate finance transactions, and it needs to improve the quality of its earnings by growing its recurring income. With the appointment of Mark Brown, we believe that 2014/15 will be a positive one for Westhouse and that there is an opportunity for the business to be profitable throughout the year.

OTHER INVESTMENTS

Somers has a number of smaller investments below 1% of total investments. As at September 30, 2014, these investments were cumulatively valued at $3.4 million. Included within this total are investments in listed companies such as European Islamic Investment Bank, Sing Investments & Finance Limited and First Folio Limited. These investments are non-core to Somers, and we would anticipate a realisation of a number of these investments in 2015.

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INDEPENDENT AUDITORS REPORT

The Shareholders and Board of Directors
Somers Limited

We have audited the accompanying consolidated financial statements of Somers Limited and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at September 30, 2014, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year ended September 30, 2014, and a summary of significant accounting policies, and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2014, and of its financial performance and its cash flows for the year ended September 30, 2014, in accordance with International Financial Reporting Standards.

Comparative Information

Without qualifying our opinion, we draw attention to Note 19 to the consolidated financial statements which describes that the Company elected to early adopt *Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)*, and made retrospective adjustments to the comparative information for the year ended September 30, 2013 in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated.

The consolidated financial statements of the Company as at and for the year ended September 30, 2013, excluding the retrospective adjustments to the consolidated financial statements, described in Note 19, were audited by another firm of Chartered Professional Accountants who issued an unmodified opinion on those financial statements on January 24, 2014.

As part of our audit of the consolidated financial statements as at and for the year ended September 30, 2014, we also audited the retrospective adjustments described in Note 19 to the consolidated financial statements that were applied to restate the comparative information.

We were not engaged to audit, review, or apply any procedures to the comparative information, other than with respect to the retrospective adjustments described in Note 19. Accordingly, we do not express an opinion or any other form of assurance on the comparative information. However, in our opinion, the retrospective adjustments described in Note 19 to the consolidated financial statements are appropriate and have been properly applied.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
January 22, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended September 30, 2014
(expressed in United States Dollars)

Assets	2014	Restated 2013
Cash and cash equivalents (Note 15)	$ 216,418	$ 1,260,794
Other assets (Note 7)	205,165	-
Interest receivable (Note 15)	86,003	42,364
Loans and receivables (Note 6, 15)	4,787,759	37,487,565
Financial investments (Note 3, 15)	218,284,392	177,952,475
Total assets	223,579,737	216,743,198
Liabilities		
Interest payable (Note 15)	25,890	-
Other liabilities (Note 8, 15)	4,943,241	25,612,064
Interest bearing loans and borrowings (Note 9, 15)	3,500,000	11,505,454
Total liabilities	8,469,131	37,117,518
Net assets	$ 215,110,606	$ 179,625,680
Equity		
Capital stock (Note 10)	1,130	1,070
Contributed surplus (Note 10)	155,685,600	148,472,640
Treasury shares (Note 10)	(143,580)	(549,900)
Accumulated other comprehensive income	457,791	816,408
Retained earnings	59,109,665	30,885,462
Total equity	$ 215,110,606	$ 179,625,680

See accompanying notes.

Signed on behalf of the Board:

Warren J McLeland

Warren McLeland
Chairman

David Morgan

CONSOLIDATED STATEMENT OF INCOME

For the year ended September 30, 2014
(expressed in United States Dollars)

Income	**2014**	**Restated 2013**
Interest income (Note 13, 15)	$ 2,064,080	$ 758,581
Interest expense (Note 15)	(1,369,890)	(173,854)
Net interest income	694,190	584,727
Dividend income (Note 15)	7,874,758	6,351,911
Gains on investments (Note 14, 15)	28,362,934	29,686,082
Other income	261,436	-
Net exchange (losses) gains	(519,915)	1,297,305
Impairment losses on available-for-sale financial investments (Note 3)	(958,921)	-
Total income	35,714,482	37,920,025
Expenses		
Investment management fees (Note 15)	2,215,939	2,958,382
Legal and professional fees (Note 15)	563,181	696,458
Audit and accounting fees	216,364	162,500
Directors' fees (Note 15)	53,000	53,000
General and administrative expenses (Note 15)	484,293	373,684
Total expenses	3,532,777	4,244,024
Income before tax	32,181,705	33,676,001
Income tax expense	(9,170)	-
Net income	$ 32,172,535	$ 33,676,001

See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2014
(expressed in United States Dollars)

Income	**2014**	**Restated 2013**
Net income for the year	$ 32,172,535	$ 33,676,001
Other comprehensive (loss) income		
Exchange differences on translation of foreign subsidiaries	(451,063)	898,700
Net unrealised gain (loss) on available-for-sale financial investments	92,446	(82,292)
Other comprehensive (loss) income	(358,617)	816,408
Total comprehensive income	$ 31,813,918	$ 34,492,409

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2014
(expressed in United States Dollars)

	Capital Stock	Contributed Surplus	Treasury Stock	Other Comprehensive Income	Retained Earnings	Total
October 1, 2012	$ –	$ –	$ –	$ –	$ –	$ –
Amalgamation with BCB	700	104,755,367	–	–	–	104,756,067
Net income for the year	–	–	–	–	33,676,001	33,676,001
Other comprehensive income	–	–	–	816,408	–	816,408
Issue of share capital (Note 10)	128	17,894,760	–	–	–	17,894,887
Exercise of options (Note 10)	50	2,848,550	–	–	–	2,848,600
Exercise of warrants (Note 10)	192	22,973,963	–	–	–	22,974,156
Net purchase of treasury stock (Note 10)	–	–	(549,900)	–	–	(549,900)
Dividends (Note 12)	–	–	–	–	(2,790,539)	(2,790,539)
September 30, 2013 (Restated)	1,070	148,472,640	(549,900)	816,408	30,885,462	179,625,680
Net income for the year	–	–	–	–	32,172,535	32,172,535
Other comprehensive loss	–	–	–	(358,617)	–	(358,617)
Issue of share capital (Note 10)	16	1,988,409	–	–	–	1,988,425
Exercise of warrants (Note 10)	62	7,448,758	–	–	–	7,448,820
Net purchase of treasury stock (Note 10)	–	–	(1,817,905)	–	–	(1,817,905)
Cancellation of treasury stock (Note 10)	(18)	(2,224,207)	2,224,225	–	–	–
Dividends (Note 12)	–	–	–	–	(3,948,332)	(3,948,332)
September 30, 2014	$ 1,130	$ 155,685,600	$ (143,580)	$ 457,791	$ 59,109,665	$ 215,110,606

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2014
(expressed in United States Dollars)

Operating activities	2014	Restated 2013
Net income	$ 32,172,535	$ 33,676,001
Adjustments to reconcile net income to cash flows (used in) provided by operating activities:		
Gains on investments	(28,362,934)	(29,686,082)
Foreign exchange on investments	1,101,686	(2,571)
Impairment losses on financial investments	958,921	–
Increase in interest receivable	(43,639)	(42,364)
Increase in other assets	(205,165)	–
Increase in interest payable	25,890	–
(Decrease) increase in other liabilities	(20,668,823)	25,612,064
Net cash (used in) provided by operating activities	(15,021,529)	29,557,048
Investing activities		
Net decrease (increase) in loans and receivables	32,699,806	(37,487,565)
Proceeds from sale of financial investments	11,815,886	1,514,248
Purchases of financial investments	(26,204,093)	(148,961,662)
Net cash provided by (used in) investing activities	18,311,599	(184,934,979)
Financing activities		
Net (decrease) increase in interest bearing loans and borrowings	(8,005,454)	11,505,454
Proceeds from issue of shares	9,437,245	148,473,710
Net purchase of treasury stock	(1,817,905)	(549,900)
Dividends paid	(3,948,332)	(2,790,539)
Net cash (used in) provided by financing activities	(4,334,446)	156,638,725
Net (decrease) increase in cash and cash equivalents	(1,044,376)	1,260,794
Cash and cash equivalents, beginning of year	1,260,794	–
Cash and cash equivalents, end of year	$ 216,418	$ 1,260,794

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014
(expressed in United States Dollars)

1. Description of Business

Somers Limited ("Somers") is a Bermuda exempted investment holding company listed on the Bermuda Stock Exchange with a number of investments in the financial services sector. Somers was incorporated on April 13, 2012, and started commercial operations on September 18, 2012.

Somers registered office is at Bermuda Commercial Bank Building, 19 Par-la-Ville Road, Hamilton HM GX, Bermuda.

Somers is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

The investment activities of Somers are managed by ICM Limited ("ICM").

As at September 30, 2014, the significant shareholders ("the Investor Group") in the Company, who held, in aggregate 87.97% (2013: 87.61%) of Somers' issued share capital, are as follows:

- Utilico Investments Limited ("Utilico") 47.41% (2013: 49.27%) - a Bermuda exempted limited liability company listed on the London Stock Exchange;
- Permanent Investments Limited ("Permanent") 35.08% (2013: 30.79%) - a Bermuda exempted limited liability investment holding company. Permanent is a 100% subsidiary of ICM Limited; and
- ICM Limited 5.48% (2013: 7.55%) - a Bermuda based fund manager and corporate finance advisor. ICM is the investment manager to Utilico and the investment advisor to Somers and Bermuda Commercial Bank Limited.

These financial statements were authorised for issue in accordance with a resolution of the directors on January 22, 2015.

The financial statements comprise the consolidated results of Somers, SI Asset Management Sarl and Somers Luxembourg Sarl. Details of the non-consolidated subsidiaries and associates are included in notes 4 and 5 to the financial statements.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as it meets the following requirements:

- The Company has obtained funds for the purpose of providing investors with investment management services.
- The Company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income.
- The performance of investments are measured and evaluated on a fair value basis.

Further, the following characteristics, which are typical of an investment entity, are all present:

- The Company has more than one investment and more than one investor.
- The Company has investors who are not its related parties.
- The Company has ownership interests in the form of equity.

The Company believes that accounting for its investments at fair value through profit and loss provides more relevant and useful information to the users of the financial statements and from July 1, 2014, has early adopted *Investment Entities* (*Amendments to IFRS 10, IFRS 12, and IAS 27*) ("the Amendments"). The Amendments exempt an investment entity from consolidating its subsidiaries unless those subsidiaries provide services directly related to the parent company's investment activities. Non-consolidated subsidiaries are measured at fair value through profit and loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. Bermuda Commercial Bank Limited ("BCB"), Waverton Investment Management Limited ("Waverton"), Private & Commercial Finance Group plc ("PCFG"), Westhouse Holdings plc ("Westhouse") and West Hamilton Holdings Limited ("West Hamilton"), which were previously consolidated and remain subsidiaries of the Company, are now accounted for as investments at fair value through profit and loss. This has given rise to restatement of the prior year consolidated statement of financial position and the consolidated statements of income, comprehensive income, changes in equity, and cash flows. The accompanying notes to the financial statements have been restated accordingly. The impact on the consolidated statement of financial position and the consolidated statements of income, comprehensive income, changes in equity, and cash flows are presented in note 19.

The 2013 restated comparatives cover the period from September 18, 2012 (commencement of operations) to September 30, 2013.

2. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in United States Dollars, which is the Company's functional and presentational currency. All values are rounded to the nearest dollar, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Presentation of Consolidated Financial Statements
The Company presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding maturity or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 16.

Investment Entity
The Company has been deemed to meet the definition of an investment entity per IFRS 10, and the Company has early adopted *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*) during the year ended September 30, 2014.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Company, SI Asset Management Sarl and Somers Luxembourg Sarl. All intercompany balances and transactions are eliminated in full on consolidation. Non-consolidated subsidiaries, and associate undertakings held as part of the investment portfolio, are carried at fair value through profit or loss and accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*), the Company no longer consolidates certain subsidiaries and associate undertakings held as part of the investment portfolio. This has given rise to restatement of the prior year consolidated statement of financial position and the consolidated statements of income, comprehensive income, changes in equity and cash flows. The accompanying notes to the financial statements have been restated accordingly. The impact on the consolidated statement of financial position, the consolidated statements of income, comprehensive income, changes in equity and cash flows are presented in note 19.

Significant Accounting Judgments, Estimates and Assumptions
The preparation of consolidated financial statements, in conformity with IFRS, requires management to make certain significant estimates, judgments and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates, judgments and assumptions that have a significant risk of causing material adjustments to the consolidated financial statements within the next financial year are discussed below:

Fair Value of Financial Instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as revenue, EBITDA, estimated cash flows, multiples of companies, volatility and discount rates. The estimates and judgments used in the valuation of financial instruments are described in more detail in note 18.

Impairment Losses on Loans and Advances
The Company reviews its individually significant loans and advances to assess impairment at least on an annual basis. In particular, management judgment is required in the estimation of the amount and expected timing of future cash flows when determining impairment loss. These estimates are based on assumptions about a number of factors, and actual results may differ resulting in future changes to the allowance.

Impairment of Available-for-Sale Financial Investments
The Company reviews its debt and other securities classified as available-for-sale financial investments at each reporting date and more frequently when conditions warrant an impairment assessment. This requires similar judgment as applied to the individual assessment of loans and advances.

The Company also records impairment charges on available-for-sale financial investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, historical price movements, the extent to which the fair value of an investment is less than its cost and the duration of such decline.

Deferred Tax Assets
Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Foreign Currency Translation
The consolidated financial statements are presented in United States Dollars. The Company, and each of its subsidiaries, determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Bermuda Dollar balances and transactions are translated into United States Dollars at par. Monetary assets and liabilities in other currencies are translated into United States Dollars at the rates of exchange prevailing at the reporting date, and non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency, are translated into United States Dollars at historic rates or the rates of exchange prevailing at the dates of the transactions.

Income and expense items in other currencies are translated into United States Dollars at the rates prevailing at the dates of the transactions. Realised and changes in unrealised gains and losses on foreign currency positions are reported under net exchange gains or losses in the consolidated statement of income.

On consolidation, the assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange on the reporting date, and their statements of income and comprehensive income are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are recognised in a separate component of equity within other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of income as part of the gain or loss on sale.

Cash and Cash Equivalents

Cash and cash equivalents, in the consolidated statement of cash flows, consist of cash and term deposits which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and have original maturities of three months or less. Cash and cash equivalents may also include money market funds, which have daily liquidity and invest in highly liquid instruments, such as term deposits and commercial papers.

Financial Instruments – Initial Recognition and Subsequent Measurement

Date of Recognition

All financial assets and financial liabilities are initially recognised on the trade date basis, which is the date that the Company becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities at fair value through profit or loss.

The Company classifies its financial assets into the following categories:

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Financial Assets and Financial Liabilities Designated at Fair Value through Profit or Loss

Financial assets and financial liabilities designated at fair value through profit or loss are designated as such by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows of its host contract or it is clear, with little or no analysis, that it would not be separately recorded. This category comprises financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments (including those ordinarily classified as subsidiaries under IFRS 10, but exempted by that financial reporting standard from the requirement to be consolidated) are designated as being at fair value through profit or loss on initial recognition.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the consolidated statement of income.

Financial Assets or Liabilities Held for Trading

These assets are recorded in the consolidated statement of financial position at fair value. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if designated by management. Items which may be included in this classification are debt securities, equities and customer loans which have been acquired for the purpose of selling or repurchasing in the near term.

Derivatives Recorded at Fair Value through Profit or Loss

Derivatives include foreign exchange forward contracts, index and equity option contracts, interest rate swap contracts and warrants. Derivatives are recorded at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives embedded in financial instruments, such as warrants, and the conversion option in an acquired convertible bond are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held-for-trading or designated at fair value through profit or loss. The embedded derivatives separated from the host contract are carried at fair value in the trading portfolio.

Changes in the fair value of derivatives are reported under gains or losses on investments for the option contracts and under net exchange gains or losses for the forward contracts in the consolidated statement of income.

Loans and Advances

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short term resale and are not classified as held for trading, designated as available-for-sale or designated at fair value through profit or loss. After initial measurement, loans and advances are measured at amortised cost using the effective interest rate ("EIR") method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The EIR amortisation is reported under interest income and losses arising from impairment are reported separately in the consolidated statement of income.

Conditional sale agreements, hire purchase contracts and finance leases are initially recognised at the lower of the fair value of the leased asset or the present value of the minimum lease payments. These loans and receivables are subsequently measured at an amount equal to the net investment in the contract, less any provision for impairment.

Available-for-Sale Financial Investments

Available-for-sale financial investments include equity investments, debt securities and portfolio funds. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions. After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Changes in unrealised gains and losses, with the exception of foreign exchange gains and losses, which are recorded in the consolidated statement of income, are recognised directly in equity under other comprehensive income or loss. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is included in gains or losses on sale of investments in the consolidated statement of income.

Interest on available-for-sale financial investments is reported under interest income or expense in the consolidated statement of income using the EIR method, and dividends are recorded as dividend income in the consolidated statement of income or expense when the right of the payment has been established. The losses arising from impairment of such investments are reported under impairment losses on available-for-sale financial investments in the consolidated statement of income.

Investments in portfolio funds are initially recorded at cost and then carried at their net asset value ("NAV") per unit at the consolidated financial position date which represents the fair value of the investment.

Held-to-Maturity Financial Investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Company has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the EIR method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The EIR amortisation is reported under interest income, and losses arising from impairment are reported separately in the consolidated statement of income.

If the Company were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Company would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

As at September 30, 2014, the Company had no held-to-maturity financial investments.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred substantially all the risks and rewards of the asset.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Determination of Fair Value

The fair values of financial instruments traded in active markets at the reporting date are determined based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deductions for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 18.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

In assessing evidence of impairment, the Company evaluates, among other factors, counterparty/issuer/borrower financial information, the asset's historical share price, counterparty ratings, history of defaults, subordination, transaction nature and other market and security-specific factors.

If there is objective evidence that an impairment loss has been incurred, the financial asset is written down to its realisable value with the impairment loss being recognised in the consolidated statement of income. Any subsequent increase in the fair value of such assets that can be objectively related to an event that occurred after the impairment was initially recognised will result in a reversal of the impairment loss in the period in which the event occurs.

Financial Assets at Amortised Cost

For financial assets carried at amortised cost (such as loans and advances), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was initially recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the consolidated statement of income. Any impairment loss or recovery of impairment loss is reported separately in the consolidated statement of income.

Available-for-Sale Financial Investments

For available-for-sale financial investments, the Company assesses at each consolidated statement of financial position date whether there is evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised, is reclassified from equity and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in the fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value less any impairment loss on that investment previously recognised in the consolidated statement of income. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated statement of income.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount of the asset is calculated as the greater of its value in use and its fair value less costs to sell. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Reclassification of Financial Investments

The Company may reclassify certain financial assets out of the available-for-sale classification into loans and advances or the held-to-maturity classifications. Reclassification to loans and advances is permitted when the financial assets meet the definition of loans and advances and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial investment until maturity and the held-to-maturity portfolio has not been tainted.

For a financial asset reclassified from available-for-sale, the fair value at the date of reclassification becomes its new amortised cost, and any previous unrealised gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the asset using the EIR method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Derivative Financial Instruments

The Company uses derivatives to manage its credit and market risk exposures. The Company does not use derivatives for trading or for speculative purposes although certain derivatives may be embedded in the investments held by the Company.

Derivatives are carried at fair value and shown in the consolidated statement of financial position at gross value. These include exchange traded options, warrants and other derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. An embedded derivative is a component of a hybrid instrument that includes a non-derivative host contract with the effect that some of the cash flows of the hybrid instrument vary in a way similar to a stand-alone derivative. When an embedded derivative is separated, the host contract is accounted for based on accounting standards applicable to contracts of that type without the embedded derivative.

Property and Equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the property and equipment. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets which are up to fifty years for buildings, up to twenty-five years for equipment, up to ten years for furniture and fixtures, up to four years for computer hardware and the term of the lease for leasehold improvements. Land and certain property are not depreciated.

Subsequent costs, such as repairs and maintenance, are charged to the consolidated statement of income during the financial period in which they are incurred.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the consolidated statement of income in the period the asset is derecognised.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through amortisation process.

Recognition of Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised in the consolidated statement of income for all interest-bearing instruments on an accrual basis using the effective interest rate method.

Fees and Commissions

Fees and commissions include fees and commissions earned from banking and custodial services, fund administration, trust, company management, financial and corporate registrar services.

Income is recognised as revenue on the accrual basis over the period during which the services are provided.

Dividend Income

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

Expenses

Expenses are recognised in the consolidated statement of income on an accrual basis. Interest expense is calculated using the effective interest rate method.

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and are included in other expenses in the consolidated statement of income.

Dividends on Common Shares

Dividends on common shares are recognised as a liability and are deducted from equity in the period in which they are declared.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding during the period. The diluted EPS calculation assumes that stock warrants are only exercised and converted when the exercise price is below the average market price of the shares. It also assumes that the Company will use any proceeds to purchase its common shares at their average market price during the period. Consequently, there is no imputed income on the proceeds, and weighted average shares are only increased by the difference between the number of warrants exercised, outstanding warrants and the number of shares purchased by the Company.

Treasury Stock

The Company's own equity acquired by Somers or by any of its subsidiaries (treasury stock) is recognised at cost and deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

When the Company holds its own equity instruments on behalf of its clients, those holdings are not included in the Company's consolidated statement of financial position.

Income Taxes

Somers and its subsidiaries domiciled in Bermuda are not subject to income tax on the profit or loss for the period in Bermuda. Somers' subsidiaries domiciled in Luxembourg are subject to the tax laws of that jurisdiction. The Company records income taxes based on the tax rates applicable in the relevant jurisdiction and income tax expense of $9,170 was recorded in the consolidated financial statements.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement.

New Standards, Interpretations and Amendments to Published Standards Relevant to the Company

The Company, from July 1, 2014, has adopted *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*). The effective date of these amendments is January 1, 2014. IFRS 10, IAS 27 and IAS 28 require retrospective application while IFRS 12 is applied prospectively. The Company meets the definition of an investment entity under amendments to IFRS 10.

IFRS 10, and amendments thereto, replace guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Special Purpose Entities. Under IFRS 10, an investor controls an investee when it has exposure to the investee's variable returns and has the ability to influence those returns. Such control is the basis for determining which entities are consolidated, except in the case of Investment Entities. IFRS 10 exempts an investment entity from consolidating its subsidiaries unless those subsidiaries provide services directly related to the parent company's investment activities. Non-consolidated subsidiaries shall be measured at fair value through profit and loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity.

The following standards and amendments to existing standards, effective for annual periods beginning on or after October 1, 2013, that are relevant have been adopted by the Company:

IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The adoption of the new standard did not have any material impact on the fair value techniques used by the management.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

The amendments require more extensive disclosures than are currently required under IFRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

No offsetting has taken place in these financial statements, and all numbers are presented at gross values.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time in the financial year beginning October 1, 2013, that would be expected to have a material effect on the Company.

Standards issued, but not yet effective up to the date of issuance, of the Company's consolidated financial statements are listed on the following page. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the Company by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments become effective for annual periods beginning on or after January 1, 2014. Management believes that the adoption of IAS 32 will not have a significant impact on the consolidated financial statements of the Company.

IFRS 9 Financial Instruments

IFRS 9 deals with classification and measurement of financial assets, and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value.

The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument, which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead, the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is not applicable until January 1, 2018, but is available for early adoption.

The Company is currently in the process of evaluating the potential effect of this standard.

3. Financial Investments

The following table is an analysis of the investment portfolio disclosing fair value balances by category:

	2014	Restated 2013
Financial assets at fair value through profit or loss		
Equity investments	$ 195,356,074	$ 163,980,681
Debt securities	20,102,115	2,832,200
Total	$ 215,458,189	$ 166,812,881
Available-for-sale financial assets		
Equity investments	$ 2,826,203	$ 11,139,594
Total	$ 2,826,203	$ 11,139,594
Total financial investments	$ 218,284,392	$ 177,952,475

The following table is an analysis of the investment portfolio disclosing fair value balances and fair value movements of the investments:

	2014	Restated 2013
Financial assets at fair value through profit or loss		
Fair value at beginning of year	$ 166,812,881	$ –
Amalgamation with BCB	–	104,756,067
Purchase of investments	21,736,450	31,718,794
Proceeds from disposal of investments	–	–
Net fair value movement in the year (including foreign exchange gains and losses)	26,908,858	30,338,020
Fair value at end of year	$ 215,458,189	$ 166,812,881
Available-for-sale financial assets		
Fair value at beginning of year	$ 11,139,594	$ –
Purchase of investments	4,467,643	12,486,801
Proceeds from disposal of investments	(11,815,886)	(1,514,248)
Net fair value movement in the year (including foreign exchange gains and losses)	(965,148)	167,041
Fair value at end of year	$ 2,826,203	$ 11,139,594
Total financial investments	$ 218,284,392	$ 177,952,475

Impairment Losses on Financial Investments

During the year, the Company recognised impairment losses on available-for-sale financial investments, for which there had been a significant prolonged decline in fair value below their cost, as follows:

	2014	Restated 2013
Available-for-sale financial assets		
Equity investments	$ 958,921	$ –
Total	$ 958,921	$ –

4. Subsidiary Undertakings

The following were subsidiary undertakings of the Company at September 30, 2014, and September 30, 2013 (restated):

	Country of operation, registration and incorporation	Holdings and voting rights
SI Asset Management Sarl	Luxembourg	100%
Somers Luxembourg Sarl	Luxembourg	100%

The Company, from July 1, 2014, has early adopted *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*) ("the Amendments"). This change in accounting policy has been applied retrospectively in accordance with the transition provisions of the Amendments and comparative amounts for the period ended September 30, 2013, have been restated.

Bermuda Commercial Bank Limited, Private & Commercial Finance Group plc, Waverton Investment Management Limited, Westhouse Holdings plc and West Hamilton Holdings Limited, which were previously consolidated and remain subsidiaries of the Company, are now accounted for as investments at fair value through profit and loss.

Details on these undertakings are as follows:

	BCB	PCFG	Waverton	Westhouse	West Hamilton
Country of registration, incorporation and operations	Bermuda	UK	UK	UK	Bermuda
Number of ordinary shares held	7,003,318	15,553,800	10,750,000	311,675,119	436,441 (1)
Percentage of ordinary shares held	100%	29.33% (2)	62.50%	84.55%	15.01% (1)

(1) Somers holds 436,441 (15.01%) of West Hamilton's common shares directly and 1,222,949 (42.05%) of West Hamilton's common shares indirectly via its subsidiary, BCB, giving a total holding of 1,659,390 (57.05%).

(2) Somers was deemed to have acquired control over PCFG by virtue of potential voting shares resulting from convertible loan notes that Somers held as of September 30, 2014, and its representation on the board of directors of PCFG.

Transactions with these related party undertakings are disclosed in note 15.

5. Associate Undertakings

The associate undertakings are held as part of the investment portfolio and consequently, in accordance with IAS 28, are carried at fair value through profit or loss. The Company had the following associate undertakings at September 30, 2014:

	Ascot Lloyd Holdings Limited	Merrion Capital Holdings Limited	Incol Limited (3)
Country of registration, incorporation and operations	UK	Ireland	Ireland
Number of ordinary shares held	0	3,138	100,000
Percentage of ordinary shares held	0% (1)	6.47% (2)	23.81%

	£ (4) (Unaudited)	€ (5) (Unaudited)	€ (6) (Unaudited)
Associate's consolidated statement of financial position:			
Current assets	764,120	18,620,339	1,076,078
Non-current assets	11,654,109	2,030,623	–
Current liabilities	(1,350,625)	(4,828,726)	(26,078)
Non-current liabilities	(10,703,888)	(2,500,000)	–
Equity	363,716	13,322,236	1,050,000
Associate's consolidated profit or loss:			
Revenue	7,070,353	11,109,126	–
Expenses	(6,658,155)	(11,474,364)	–
Net profit (loss) after tax	412,198	(365,238)	–

(1) Somers was deemed to have acquired significant influence over Ascot Lloyd Holdings Limited ("Ascot Lloyd"), a UK holding company, by virtue of potential voting shares resulting from convertible loan notes that Somers held as of September 30, 2014, and its representation on the board of directors of Ascot Lloyd.
(2) Somers was deemed to have acquired significant influence over Merrion Capital Holdings Limited ("Merrion"), an Irish holding company, by virtue of potential voting shares resulting from convertible loan notes that Somers held as of September 30, 2014, and its representation on the board of directors of Merrion.
(3) Incol Limited did not commence trading until October 2014.
(4) Amounts reported are based on the latest Ascot Lloyd accounts for the year to September 30, 2014. Figures are unaudited.
(5) Amounts reported are based on the latest Merrion accounts for the year to September 30, 2014. Figures are unaudited.
(6) Amounts reported are based on the latest Incol accounts for the year to September 30, 2014. Figures are unaudited.

Transactions with associate undertakings are disclosed in note 15.

6. Loans and Advances

Loans and advances at September 30 were as follows:

	2014	Restated 2013
Loans to unconsolidated subsidiaries	$ 3,248,094	$ 34,462,229
Loans to associates	1,539,665	3,025,336
Total	$ 4,787,759	$ 37,487,565

7. Other Assets

Other assets at September 30 were as follows:

	2014	Restated 2013
Accounts receivable	$ 205,165	$ –
Total	$ 205,165	$ –

Accounts receivable are not interest-bearing and are generally on terms of up to 30 days. The maximum exposure to credit risk and the fair value of the accounts receivable equate to the carrying amounts.

8. Other Liabilities

Other liabilities at September 30 were as follows:

	2014	Restated 2013
Payable to an unconsolidated subsidiary	$ –	$ 21,412,350
Payables for financial investments purchased	–	922,352
Accounts payable	112,409	145,283
Accrued investment management fees	4,638,057	2,805,983
Accrued liabilities	192,775	326,096
Total	$ 4,943,241	$ 25,612,064

9. Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings at September 30 were as follows:

	2014	Restated 2013
10% loan of $3,500,000 repayable December 2014	$ 3,500,000	$ –
8% bank loan of £7,000,000 repayable July 2018	–	11,505,454
Total	$ 3,500,000	$ 11,505,454

$3,500,000 Loan

This loan from Utilico Investments Limited is unsecured and is repayable in full on December 15, 2014. The loan was repaid in full in November 2014.

£7,000,000 Loan

This loan from BCB was unsecured and was repayable in full on July 22, 2018. The loan was fully repaid during the year ended September 30, 2014.

10. Equity

All shares are common shares with a par value of $0.0001 each.

	Authorised Shares	Par Value	Issued & Fully Paid Shares	Par Value	Contributed Surplus
Balance at October 1, 2012	120,000,000	$ 12,000	–	$ –	$ –
Amalgamation with BCB	–	–	7,003,318	700	104,755,367
Issuance of 1,278,306 shares	–	–	1,278,306	128	17,894,760
Exercise of 500,000 options	–	–	500,000	50	2,848,550
Exercise of 1,914,166 warrants	–	–	1,914,166	192	22,973,963
Balance at September 30, 2013	120,000,000	12,000	10,695,790	1,070	148,472,640
Issuance of 165,702 shares	–	–	165,702	16	1,988,409
Exercise of 620,735 warrants	–	–	620,735	62	7,448,758
Cancellation of treasury stock	–	–	(181,143)	(18)	(2,224,207)
Balance at September 30, 2014	120,000,000	$ 12,000	11,301,084	$ 1,130	$ 155,685,600

Treasury Stock

	2014		2013	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of year	45,388	$ 549,900	–	$ –
Purchase of treasury stock	148,095	1,829,905	45,388	549,900
Sale of treasury stock	(1,000)	(12,000)	–	–
Cancellation of treasury stock	(181,143)	(2,224,225)	–	–
Balance at end of year	11,340	$ 143,580	45,388	$ 549,900

Regulatory Capital

Certain of Somers' unconsolidated subsidiaries have external regulatory capital requirements. BCB has complied with all minimum capital requirements prescribed by its regulator, the Bermuda Monetary Authority, for the current year. Waverton's lead regulator, the Financial Conduct Authority, sets and monitors capital requirements for Waverton and no breaches were reported during the year.

With the exception of BCB and Waverton, the other subsidiaries are not subject to external regulatory capital requirements. PCFG, however, is required by certain borrowing facilities entered into by its subsidiaries to maintain a ratio of borrowings to net worth. Throughout the year, PCFG complied with these ratios.

Capital Management

The Company's capital levels are continuously reviewed by the Board of Directors in light of changes in economic conditions and the risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue new capital securities.

Warrants Issued

On December 14, 2012, the Company issued 240,746 warrants over Somers shares to Utilico. The warrants have an exercise price of $14.34 per share and expire on December 31, 2015. As at September 30, 2014, these warrants have not been exercised.

On February 11, 2013, the Company issued warrants on a one for three basis to all Somers' shareholders. The warrants had an exercise price of $12.00 per share and expired on December 31, 2013. During the current year, 620,735 warrants (2013: 1,914,166) were exercised by Somers' shareholders.

11. Earnings Per Share

		Net Earnings	Weighted Average Shares		Earnings Per Share
2014 basic earnings per share					
Net profit	$	32,172,535	11,135,076	$	2.89
Add: incremental shares from assumed exercise of stock warrants (Note 10)			–		
Adjusted weighted average shares outstanding			11,135,076		
Diluted earnings per share					
Net profit		32,172,535	11,135,076		2.89
2013 restated basic earnings per share					
Net profit	$	33,676,001	8,667,063	$	3.89
Add: incremental shares from assumed exercise of stock warrants (Note 10)			6,662		
Adjusted weighted average shares outstanding			8,673,725		
Diluted earnings per share					
Net profit		33,676,001	8,673,725		3.88

12. Dividends

The Company declared and paid dividends as follows:

		2014		2013
Declared and Paid: January 2014 (2014: 20.0 cents per common share; 2013: 20.0 cents per common share)	$	2,251,292	$	1,741,414
Declared and Paid: June 2014 (2014: 15.0 cents per common share; 2013: 12.0 cents per common share)		1,697,040		1,049,125
Total	$	3,948,332	$	2,790,539

13. Interest Income

The Company earned interest income as follows:

		2014		Restated 2013
Loans and receivables	$	1,762,672	$	614,190
Financial assets at fair value through profit or loss		301,408		144,391
Total	$	2,064,080	$	758,581

14. Gains on Investments

The Company recorded the following gains on investments:

		2014		Restated 2013
Financial assets at fair value through profit or loss				
Unrealised gains on investments	$	28,271,077	$	29,430,341
Realised gains on investments		–		–
Total	$	28,271,077	$	29,430,341
Available-for-sale financial assets				
Unrealised gains on investments	$	–	$	–
Realised gains on investments		91,857		255,741
Total	$	91,857	$	255,741
Total gains on investments	$	28,362,934	$	29,686,082

15. Related-Party Disclosures

As at September 30, 2014, the Investor Group held, in aggregate, 87.97% (2013: 87.61%) of Somers' common shares. Details of the Investor Group are disclosed in note 1.

The following are subsidiaries of Somers: Bermuda Commercial Bank Limited, Private & Commercial Finance Group plc, Westhouse Holdings plc, West Hamilton Holdings Limited and SI Asset Management Sarl (see note 4). Somers Luxembourg Sarl, BNL Investments UK Limited and Waverton Investment Management Limited are subsidiaries of SI Asset Management Limited. In addition, the following are considered related parties of the Company: the Investor Group; General Provincial Life Pension Fund (L) Limited, which holds 57.2% of Utilico's ordinary shares; Mr Duncan Saville, who owns 100% of ICM; the associates of the Company set out under note 5, being Ascot Lloyd Holdings Limited, Merrion Capital Holdings Limited and Incol Limited, and the Board of Somers.

The following transactions were carried out during the year to September 30, 2014, between the Company and its related parties above.

Bermuda Commercial Bank Limited

Somers uses BCB for banking services and enters into transactions with BCB under the same terms as an unrelated party would receive. For the year ended September 30, 2014, Somers paid BCB interest and fees of approximately $594,173 (2013: $273,541) for banking services provided to Somers.

At September 30, 2014, total loans payable by Somers to BCB amounted to $Nil (2013: $11,505,454). The balance at September 30, 2013, was unsecured and no guarantees were provided. The loan was payable over five years at an interest rate of 8%.

At September 30, 2014, Somers had deposits with BCB amounting to $159,107 (2013: $1,235,612).

Somers received $7,500,000 (2013: $6,000,000) of dividends during the year from BCB.

During the prior year, Somers acquired investment securities from BCB at their fair value of $21,360,817. At September 30, 2013, $21,412,350 was payable to BCB resulting from these acquisitions. These payable balances were fully repaid during the year ended September 30, 2014. Somers paid interest of $793,374 (2013: $Nil) to BCB on these balances.

During 2013, Somers entered into a call option with BCB, whereby, in consideration for a fee paid by Somers in the amount of $355,833, BCB agreed to sell to Somers its investment in certain convertible loan notes issued by PCFG for a price equal to its cost of $13,733,512. BCB simultaneously entered into a put option deed with Somers, whereby, in consideration for an option fee paid by BCB in the amount of $331,292, Somers agreed to buy from BCB its investment in convertible loan notes of PCFG for a price equal to its cost. Both option periods were set to expire on March 31, 2016. BCB's convertible loan notes equated to approximately a 59% diluted interest in PCFG, and the option deeds provided Somers the option to exercise the conversion right to the loan notes. On July 28, 2014 , BCB exercised a portion of their put option, and Somers acquired from BCB £5,500,446 of 6% PCFG convertible loan notes. On July 28, 2014, Somers and BCB entered into a termination agreement, whereby, the unexercised call and put options were terminated for nil consideration.

Private & Commercial Finance Group plc

During the year, Somers acquired £5,500,446 of 6% PCFG convertible loan notes from BCB. Somers received interest of $95,370 from PCFG in relation to these convertible loan notes during the year.

Waverton Investment Management Limited

At September 30, 2014, the balance of loans advanced by Somers to Waverton amounted to $Nil (2013: $34,462,229). The balance at September 30, 2013, was unsecured, and no guarantees were provided. The loans were repayable over five years at an interest rate of 8.25%. The loans provided by Somers to Waverton were fully repaid during the year ended September 30, 2014. During the year, Waverton paid interest of $1,517,839 (2013: $467,429) to Somers.

Westhouse Holdings plc

At September 30, 2014, the balance of loans advanced from Somers amounted to $3,248,094 (2013: $3,025,336). The balance at September 30, 2014, was unsecured, and no guarantees were provided. During the year, Westhouse paid interest of $224,601 (2013: $147,816) to Somers.

During the year, Somers paid Westhouse $42,117 (2013: Nil) for consultancy services which is included in legal and professional fees in the consolidated statement of income.

West Hamilton Holdings Limited

Somers received $65,213 (2013: $Nil) of dividends during the year from West Hamilton.

Ascot Lloyd Holding Limited

In 2012, Somers acquired a 6% convertible loan note in Ascot Lloyd with a value of £2.0 million, and in September 2014 , Somers acquired a second 6% convertible loan note with a value of £1.2 million. Upon conversion of the two convertible loans Somers would own 32.5% of Ascot Lloyd's diluted issued share capital. In addition, during the current year Somers provided a loan facility to Ascot Lloyd of £1.2 million of which £0.95 million was drawn down as at September 30, 2014. The facility has a five year term with interest payable at 6%. During the year, Ascot Lloyd paid interest of $188,367 (2013: $144,391) to Somers.

Merrion Capital Holdings Limited

In July 2014, Somers acquired 3,138 equity shares in Merrion for a consideration of €0.75 million and acquired €2.5 million of 3.5% convertible loan notes issued by Merrion. Upon conversion of the convertible loan notes Somers would own 20.49% of Merrion's diluted issued share capital. During the year, Somers received interest of $23,615 from Merrion.

Incol Limited

There were no transactions with Incol.

Utilico Investments Limited

During the year, Somers obtained a $3,500,000 loan from Utilico. This unsecured loan carried a fixed interest rate of 10% and was repayable on December 15, 2014. The loan was repaid in full in November 2014. During the year, Somers paid interest of $25,890 to Utilico.

ICM Limited

ICM Limited is the investment manager of Somers, BCB and Utilico. Directors of ICM are Duncan Saville, Charles Jillings and Alasdair Younie. Mr Younie is a director of Somers. Mr Jillings became a director of Somers with effect from June 30, 2014.

At September 30, 2014, ICM had a 40.56% interest in Somers directly and through its 100% ownership of Permanent.

In December 2012, Somers entered into an investment adviser agreement with ICM which remains in force until terminated by Somers or ICM, upon giving the other party not less than one month's written notice of termination or such lesser period of notice as Somers or ICM agree.

Somers agreed to pay ICM an annual fee for its advisory services equal to 0.50% (payable quarterly in arrears) of the gross asset value of Somers' financial investments. For the period ended September 30, 2014, this fee amounted to $383,865 (2013: $152,399) of which $Nil remained payable at period end. In addition, under the terms of the agreement, and depending upon the performance of the portfolio, Somers' Board may, in its sole discretion, determine that ICM should receive a performance payment on account of the services provided. Somers agreed to pay performance fees of $1,832,074 for the year ended September 30, 2014 (2013: $2,805,983). The expense is included within investment management fees in the consolidated statement of income. The performance fees for 2014 and 2013 remained payable at year-end.

ICM also provided administration services to Somers for which Somers paid fees of $50,000 (2013: $12,500).

During the year-ended September 30, 2013, Somers entered into an agreement with ICM, whereby ICM agreed to act as Somers' corporate finance adviser in relation to the acquisition of Waverton. Somers paid ICM a fee of $381,825 for its services as corporate finance adviser which is included in legal and professional fees in the consolidated statement of income.

The Board of Directors

The Company's directors' fees for the year-ended September 30, 2014, amounted to $53,000 (2013: $53,000).

Michael Collier was a director of West Hamilton and BCB during the year-ended September 30, 2014, and received directors' fees of $25,000 and $50,500, respectively, in the year. Alasdair Younie was a director of West Hamilton and BCB during the year ended September 30, 2014, and received directors' fees of $6,500 and $5,000, respectively, in the year. Charles Jillings was a director of Waverton during the year ended September 30, 2014, and received directors' fees of $66,196 for the year. Warren McLeland was a director of BCB during the year ended September 30, 2014, and received directors' fees of $6,508 for the year. David Morgan was a director of BCB, Waverton, PCFG and Ascot Lloyd during the year ended September 30, 2014, and received directors' fees of $40,000, $66,196, $24,824 and $19,859, respectively, in the year. Morwill Ltd., a company related to Mr. Morgan, also received fees for providing services to Somers of $124,206 for the year.

BCB also provides banking services to directors under normal commercial terms. At September 30, 2014, directors and parties associated with directors had deposit balances with BCB of $58,167 (2013: $188,852). At September 30, 2014, total loans and advances provided to directors amounted to $1,901,370 (2013: $Nil).

On December 10, 2014, Duncan Saville was appointed to the Board of Directors.

Other

In addition, the following transactions were carried out during the year between the Company's subsidiaries, associates and the Company's related parties:

BCB provides banking services and enters into transactions with related parties of Somers under the same terms as an unrelated party would receive. Outstanding balances and/or transactions with related parties of Somers were as follows:

Available-for-sale Financial Investments

At September 30, 2014, BCB held certain investments in its available-for-sale portfolio which are considered related. BCB held debt instruments issued by PCFG with a fair value of $5,445,552 (2013: $13,485,312). Interest income from these investments, for the year, was $749,686 (2013: $392,010).

During the year, BCB sold securities to related parties at their fair value of $1,500,000 (2013: $Nil). There were no receivable amounts as a result of the sale of these securities at year end.

During the year, BCB purchased securities from related parties at their fair value of $1,500,000 (2013: $Nil). There were no payable amounts as a result of the purchase of these securities at year end.

Loans and Advances to Customers

At September 30, 2014, BCB had total loans and advances receivable from related parties of Somers amounted to $18,130,111 (2013: $19,887,711), of which $2,038,645 (2013: $1,439,755) was unsecured and $16,091,465 (2013: $18,447,956) was secured by the related parties' cash and portfolio assets managed/custodied by BCB. The undrawn portion of credit facilities with related parties of Somers at September 30, 2014, totaled $557,764 (2013: $2,822,992).

For the year ended September 30, 2014, BCB earned net interest and fees of $969,853 (2013: $1,026,682) were earned by BCB for banking services provided to related parties of Somers. Additionally, BCB earned underwriting fees of $Nil (2013: $116,554).

Deposit Liabilities

At September 30, 2014, BCB had deposit balances placed by Somers' related parties amounting to $4,189,776 (2013: $12,447,153).

Investment Adviser Agreement with ICM

BCB has entered into an investment adviser agreement with ICM and has agreed to pay ICM an annual fee for its advisory services equal to 0.50% of the value of BCB's investment portfolio. For the year ended September 30, 2014, such fees amounted to $1,198,804 (2013: $1,212,578) of which $Nil remained payable at year end (2013: $Nil). In addition, pursuant to a consultancy agreement, a fee of $100,000 (2013: $100,000) was paid to ICM for its consultancy services.

In addition, depending upon the performance of the portfolio, BCB may, in its sole discretion, determine that the Investment Adviser should receive a payment on account of the services provided. During the year ended September 30, 2014, BCB paid the Investment Adviser a discretionary performance fee of $1,300,000 (2013: $1,839,482) following approval by the BCB Board.

16. Risk Management

The Company's investment objective is to maximise shareholder returns by identifying and investing in investments when the underlying value is not reflected in the market price.

The Company seeks to meet its investment objective by investing principally in a portfolio of unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Company has the power to enter into short and long term borrowings. In pursuing the objective, the Company is exposed to financial risks. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a) to (e) below.

(a) Market Risk

The fair value of financial securities held in the Company's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio. The Investment Manager consults with the Board of Directors on a quarterly basis or more frequently as required.

The Company's other assets and liabilities may be denominated in currencies other than US Dollars and may also be exposed to exchange rate risks. The Investment Manager and the Board regularly monitor these risks.

The Company does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in exchange rates.

Borrowings may be short or long term, in US Dollars and foreign currencies, and enables the Company to take a long term view of the countries and markets in which it is invested without having to be concerned about short term volatility. Income earned in foreign currencies is converted to US Dollars on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency Exposure

Currency risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of the Company's assets and liabilities, the Net Asset Value and the market price of the US Dollar equity shares. The Company's functional currency is the US Dollar. As a result, foreign currency assets and liabilities will be translated to US Dollars. The Company maintains investments in Sterling, Euros, Australian Dollars, and other currencies and may invest in financial instruments and enter into transactions denominated in currencies other than US Dollars.

When valuing investments that are denominated in currencies other than the functional currency, the Company is required to convert the values of such investments into its functional currency based on prevailing exchange rates as at the end of the applicable accounting period. Changes in exchange rates between the functional currency and other currencies could lead to significant changes in the Net Asset Values that the Company reports from time to time and could subject such Net Asset Values to favourable or unfavourable fluctuations. Among the factors that may affect currency values are trade balances, levels of short term interest rates, differences in relative values of similar assets in different currencies, long term opportunities for investment, capital appreciation and political developments.

The Company may engage in currency hedging to limit the Company's exposure to currency fluctuations. Currency hedging by the company may be by means of spot and forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect. To date, the Company has not engaged in currency hedging.

The Company's underlying investments are denominated in Sterling, Euros, Australian Dollars, Singapore Dollars and US Dollars. The Investment Manager considers currency risk when making investments into non-US Dollar denominated assets and monitors currency movements on an on-going basis. The Investment Manager discusses its policies with the Board of Directors on a regular basis and may choose to alter its asset allocation or currency risk strategies as a result.

At the reporting date the carrying value of the Company's financial assets and financial liabilities held in individual foreign currencies and the net exposure to foreign currencies were as follows:

2014	Financial Assets	Financial Liabilities	Net Financial Assets	% of Company Net Financial Assets	Hedging Contracts	Net Exposure
Sterling	$ 97,264,471	$ (11,337)	$ 97,253,134	45.2%	$ –	$ 97,253,134
Euro	4,516,419	(23,364)	4,493,055	2.1%	–	4,493,055
Australian Dollar	995,683	–	995,683	0.5%	–	995,683
Singapore Dollar	323,227	–	323,227	0.2%	–	323,227
Total	$ 103,099,800	$ (34,701)	$ 103,065,099	47.9%	$ –	$ 103,065,099

2013 Restated	Financial Assets	Financial Liabilities	Net Financial Assets	% of Company Net Financial Assets	Hedging Contracts	Net Exposure
Sterling	$ 88,081,236	$ (11,510,919)	$ 76,570,317	42.6%	$ –	$ 76,570,317
Euro	–	(5,253)	(5,253)	0.0%	–	(5,253)
Australian Dollar	2,287,286	(911,635)	1,375,651	0.8%	–	1,375,651
Singapore Dollar	8,416,865	–	8,416,865	4.7%	–	8,416,865
Swiss Franc	1,218,159	–	1,218,159	0.7%	–	1,218,159
Total	$ 100,003,546	$ (12,427,807)	$ 87,575,739	48.8%	$ –	$ 87,575,739

Based on the financial assets and liabilities held, and the exchange rates at each reporting date, a strengthening or weakening of the US dollar against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on Net Asset Value (NAV) per share:

Strengthening of US Dollar

2014	Sterling	Euro	Australian Dollar	Singapore Dollar	Swiss Franc
Net income for the year	$ (9,725,313)	$ (449,306)	$ (99,568)	$ (32,323)	$ –
NAV per share - basic	$ (0.86)	$ (0.04)	$ (0.01)	$ (0.00)	$ –

2013 Restated	Sterling	Euro	Australian Dollar	Singapore Dollar	Swiss Franc
Net income for the year	$ (7,657,032)	$ 525	$ (137,656)	$ (841,687)	$ (121,816)
NAV per share - basic	$ (0.72)	$ 0.00	$ (0.01)	$ (0.08)	$ (0.01)

Weakening of US Dollar
The relevant weakening of the reporting currency against the above currencies would have resulted in an equal, but opposite effect on net income and NAV per share by amounts shown above, on the basis that all other variables remain constant.

These analyses are broadly representative of the Company's activities during the current year as a whole, although the level of the Company's exposure to currencies fluctuates throughout the year in accordance with the investment and risk management processes.

Interest Rate Exposure

The Company's exposure to the risk of changes in interest rates relates primarily to its holding of convertible debt securities within its financial investments portfolio. The company had no floating rate debt obligations at September 30, 2014, or September 30, 2013. The Company has incurred, and expects to continue to incur, indebtedness to leverage certain investments. Due to the foregoing, the Company is, and believes that it will continue to be, exposed to risks associated with movements in prevailing interest rates. An increase in interest rates could make it more difficult or expensive to obtain debt financing, could negatively impact the values of fixed income investments and could decrease the returns that investments generate or cause them to generate losses.

At September 30, 2014, the Company held convertible debt securities with a fair value of $20,102,115 (2013: $2,832,200). These securities had fixed interest rates, and the remaining term to maturity varied between two and five years with a weighted average of 2.6 years. Changes to prevailing interest rates or changes in expectations of future rates may result in an increase or decrease in the value of these securities. In general, if interest rates rise, the value of fixed income securities will decline, and a decline in interest rates will have the opposite effect.

The Company is, and believes that it will continue to be, subject to additional risks associated with changes in prevailing interest rates due to the fact that its capital is invested in underlying portfolio companies whose capital structures may have a significant degree of indebtedness. Investments in leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would be the case if leverage was absent As a result, the risk of loss associated with an investment in a leveraged company is generally greater than for companies with comparably less debt.

As at September 30, 2014, all of the Company's direct corporate borrowings were from a related party. The interest rates were fixed.

The majority of the Company's assets are non-interest bearing, and the assets that do have interest rate exposure are entirely at fixed rates. Excess cash held by the Company may be invested in short term fixed deposit accounts that are rolled over on a regular basis and are impacted by interest rate fluctuations, as such giving the Company variable loans and cash deposits. It is not significantly exposed to interest rate risk on its other assets and liabilities.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table classifies the financial assets and liabilities by fixed and variable rate instruments.

	2014	Restated 2013
Fixed rate instruments		
Financial assets	$ 24,889,874	$ 40,319,765
Financial liabilities	(3,500,000)	(19,936,863)
	$ 21,389,874	$ 20,382,902
Variable rate instruments		
Financial assets	$ –	$ –
Financial liabilities	–	–
	$ –	$ –
Total interest sensitivity gap	$ 21,389,874	$ 20,382,902

An increase in 100 basis points in interest rates as at the reporting date would have had no impact on interest income (2013: No impact). A decrease of 100 basis points would also have had no impact on interest income.

As described above, a change in interest rates may impact the fair value of the Company's fixed rate debt instruments. An increase in 100 basis points in interest rates as at the reporting date would have reduced annual net income and shareholders' equity by approximately $415,030 (2013: $91,311). A decrease of 100 basis points would have had an equal but opposite effect on net income and shareholders' equity.

Exposure to Other Price Risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in that market. As many of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, such changes in market conditions will affect net gains on investments and the Company's Net Asset Value.

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The Investment Manager monitors price risk and consults with the Board of Directors on a quarterly basis or more frequently as the case may be.

The Company also has direct exposure to assets that are publicly traded on various equity markets. These represent 7.49% (2013: 7.46%) of the Company's portfolio fair value as at September 30, 2014. Under IFRS, the Company is required to value investments in traded securities at their fair value at the end of each accounting period which could lead to significant changes in the Net Asset Values and results of operations of the Company.

(b) Liquidity Risk Exposure

The Company's financial instruments primarily include investments in unlisted equity investments that are not publicly traded and therefore may be illiquid. As a result, the Company may not be able to liquidate some of its investments in these instruments at an amount close to their fair value, or in a timely manner, should such liquidation be necessary to meet liquidity requirements.

The risk of the Company having insufficient liquidity is not considered by the Board to be significant given the low level of leverage, the absence of outstanding undrawn commitments, other obligations and the stock of quoted investments held in the Company's portfolio.

The Company's exposure to liquidity risk is actively managed and monitored on an ongoing basis by the Investment Manager and by the Board. The Investment Manager frequently reviews upcoming capital requirements as well as potential exit and other monetisation events. Allocations to new investments take into consideration the near term capital needs within the Company's broader equity portfolio. Where the Investment Manager believes there may be upcoming liquidity requirements, they will take necessary action to ensure that adequate funds are available.

The contractual maturities of financial liabilities and financial assets, based on the earliest date on which payment can be required were as follows:

	2014				
	Less than 1 month	1-3 months	3 months - 1 year	More than 1 year	Total
Financial asset by type					
Cash and cash equivalents	$ 216,418	$ –	$ –	$ –	$ 216,418
Other assets	205,165	–	–	–	205,165
Interest receivable	69,876	16,127	–	–	86,003
Loans and receivables	–	–	–	4,787,759	4,787,759
Financial investments	–	–	–	20,102,115	20,102,115
Total	$ 491,459	$ 16,127	$ –	$ 24,889,874	$ 25,397,460
Financial liability by type					
Interest payable	$ 25,890	$ –	$ –	$ –	$ 25,890
Other liabilities	112,409	–	4,638,057	–	4,750,466
Interest-bearing loans and borrowings	3,500,000	–	–	–	3,500,000
Total	$ 3,638,299	$ –	$ 4,638,057	$ –	$ 8,276,356

	2013 Restated				
	Less than 1 month	1-3 months	3 months - 1 year	More than 1 year	Total
Financial asset by type					
Cash and cash equivalents	$ 1,260,794	$ –	$ –	$ –	$ 1,260,794
Other assets	–	–	–	–	–
Interest receivable	42,364	–	–	–	42,364
Loans and receivables	–	3,025,336	–	34,462,229	37,487,565
Financial investments	–	–	–	2,832,200	2,832,200
Total	$ 1,303,158	$ 3,025,336	$ –	$ 37,294,429	$ 41,622,923
Financial liability by type					
Interest payable	$ –	$ –	$ –	$ –	$ –
Other liabilities	22,435,665	–	–	–	22,435,665
Interest-bearing loans and borrowings	–	–	–	11,505,454	11,505,454
Total	$ 22,435,665	$ –	$ –	$ 11,505,454	$ 33,941,119

Assets and liabilities with no contractual maturity are not included in this table.

(c) Credit Risk and Counterparty Exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid or to pay for securities which the Company has delivered. The Company's overall credit risk is managed by the Board of Directors. The Board approves all counterparties used in such transactions which must be settled on a basis of delivery against payment (except where local market conditions do not permit). Cash and deposits are held with reputable banks including BCB, a subsidiary of the Company.

The Company's principal custodian is BCB. The Company has an on-going contract with BCB for the provision of custody services. Details of securities held in custody on behalf of the Company are received and reconciled monthly.

To the extent that ICM carry out duties (or cause similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk regularly through meetings with ICM.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2014	Restated 2013
Cash and cash equivalents	$ 216,418	$ 1,260,794
Other assets	205,165	–
Interest receivable	86,003	42,364
Loans and receivables	4,787,759	37,487,565
Financial investments	18,408,346	2,832,200
Total	$ 23,703,691	$ 41,622,923

(d) Fair Values of Financial Assets and Liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the consolidated statement of financial position at fair value. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into US Dollars at exchange rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that may not be supported by prices from available current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments. Details of the valuation process for unquoted investments are set out in note 18.

(e) Reliance on Investment Manager

The Company relies on the Investment Manager and its ability to evaluate investment opportunities and to further develop the Company's investments. The Investment Manager exercises a central role in the investment decision making process. Accordingly, the returns of the Company will depend on the performance of the Investment Manager.

17. Segment Information

The Directors are of the opinion that the Company's activities comprise a single operating segment which is identifying and investing in investments where the underlying value is not reflected in the market price to maximise shareholder returns.

18. Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical financial instruments;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial Instruments Recorded at Fair Value

Available-for-Sale Financial Investments

There were no available-for-sale financial assets valued using valuation techniques during the year ended September 30, 2014.

Fair Value Through Profit or Loss Financial Investments

Financial assets at fair value through profit or loss are valued using valuation techniques include unquoted equity and debt securities. These assets are valued using models that use both observable and unobservable data. The unobservable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry, and geographical jurisdiction in which the investee operates.

Valuation Methodology

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from such models are adjusted for any other factors, such as controlling interest, liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction.

The Directors have satisfied themselves as to the methodologies used, the discount rates and key assumptions applied and the estimated valuation. The Level 3 assets comprise a number of unlisted investments at various stages of development and each has been assessed based on its industry, location and place in the business cycle. Where sensible, the Directors have taken into account observable data and events to underpin the valuations. Unlisted valuations, which are based on observable data, have been discounted to reflect the illiquid nature of the investment. These discounts have ranged between 10% and 30% depending on the nature and characteristics of each investment.

Waverton - UK Incorporated

Valuation inputs: Current Year EV/EBITDA 10.0 times. Unlisted discount applied 10.0%.

Valuation Methodology: Waverton has been valued based on peer comparisons and in particular EV/EBITDA. Listed peer valuations average 10.0 times for 2014. After applying a 10.0% discount, the valuation is £65.8 million. Somers holds a 62.5% equity interest in Waverton, and as at September 30, 2014, carried this investment at £41.1 million ($66.6 million).

Sensitivities: Should the EBITDA of Waverton move by £1.0 million, the gain or loss in valuation would be £5.6 million. Should the peer group multiple ascribed to Waverton's EBITDA be reduced/increased by 1.0 the change in valuation for Somers would be £4.8 million.

BCB - Bermuda Incorporated

Valuation inputs: Sum-of-the-parts valuation.

Valuation Methodology: Fair value of BCB's identifiable assets and liabilities. Somers has a 100% interest in BCB and this was valued at $113.8 million.

Sensitivities: Should BCB's net assets increase/decline by 10.0% there would be an equal 10.0% change in valuation for Somers.

West Hamilton - Bermuda Incorporated

Valuation inputs: Fair value of West Hamilton's identifiable assets and liabilities.

Valuation Methodology: Somers has a 15.01% direct interest in West Hamilton and an additional 42.05% interest is held indirectly by BCB giving a total holding of 57.05%. Somers' direct 15.01% holding was valued at $6.8 million. BCB's 42.05% holding was valued at $19.0 million and was included within the BCB valuation.

Sensitivities: Should West Hamilton's net assets increase/decline by $5.0 million the gain/loss in valuation would be $2.9 million.

Other

Valuation Methodology: Somers has a further five unlisted holdings with values from $0.2 million to $4.8 million each. These were valued using a mixture of cost for recent investments where no material events had taken place since acquisition which would impact fair value, EV/Revenue, discounted cash flows using market rates and fair value for the equity portion of convertible loan notes. The total value of these five holdings was $12.8 million.

The following table shows an analysis of financial investment recorded at fair value by level of the fair value hierarchy:

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	$ 3,403,086	$ –	$ 191,952,988	$ 195,356,074
Debt securities	–	11,678,090	8,424,025	20,102,115
	3,403,086	11,678,090	200,377,013	215,458,189
Available-for-sale financial assets				
Equity investments	2,826,203	–	–	2,826,203
	2,826,203	–	–	2,826,203
	$ 6,229,289	$ 11,678,090	$ 200,377,013	$ 218,284,392

	2013 Restated			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity investments	$ 2,140,172	$ –	$ 161,840,509	$ 163,980,681
Debt securities	–	–	2,832,200	2,832,200
	2,140,172	–	164,672,709	166,812,881
Available-for-sale financial assets				
Equity investments	11,139,594	–	–	11,139,594
	11,139,594	–	–	11,139,594
	$ 13,279,766	$ –	$ 164,672,709	$ 177,952,475

Movement in Level 3 financial instruments measured at fair value:

		Equity Investments	Debt Securities	Total
Financial assets at fair value through profit or loss				
At October 1, 2012	$	–	–	–
Amalgamation with BCB		104,756,067	–	104,756,067
Total gains recorded in profit		29,933,017	49,600	29,982,617
Purchases		27,151,425	2,782,600	29,934,025
Disposals		–	–	–
At September 30, 2013 restated		161,840,509	2,832,200	164,672,709
Total gains (losses) recorded in profit		23,600,771	(299,760)	23,301,011
Purchases		6,511,708	5,891,585	12,403,293
Disposals		–	–	–
At September 30, 2014	$	191,952,988	8,424,025	200,377,013

There were no Level 3 available-for-sale financial assets during the year ended September 30, 2014.

There were no Level 3 financial liabilities during the year ended September 30, 2014.

There were no transfers between fair value levels during the year.

19. Restatement of Prior Year Figures

As set out in note 2, the Company has early adopted *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*) and has restated the Company's financial statements for the year ended September 30, 2013.

The impact on the consolidated statement of financial position and the consolidated statements of income, comprehensive income, changes in equity and cash flows are as follows on the succeeding pages:

Consolidated Statement of Financial Position

	As previously Reported 2013	Adjustments	Restated 2013
Assets			
cash and cash equivalents	$ 210,484,440	$ (209,223,646)	$ 1,260,794
Other assets	29,346,758	(29,346,758)	–
Interest receivable	4,073,844	(4,031,480)	42,364
Loands and receivables	204,410,659	(166,923,094)	37,487,565
Financial investments	250,382,156	(72,429,681)	177,952,475
Derivative financial instruments	4,173,271	(4,173,271)	–
Deferred tax assets	3,978,126	(3,978,126)	–
Property and equipment	53,139,335	(53,139,335)	–
Goodwill and other intangible assets	46,932,346	(46,932,346)	–
Investment in associates	5,403,345	(5,403,345)	–
Total assets	812,324,280	(595,581,082)	216,743,198
Liabilities			
Deposits	461,190,329	(461,190,329)	–
Other liabilities	16,597,004	9,015,060	25,612,064
Interest payable	3,821,665	(3,821,665)	–
Customer drafts payable	2,527,491	(2,527,491)	–
Derivative financial instruments	6,631,518	(6,631,518)	–
Interest-bearing loans and borrowings	126,832,889	(115,327,435)	11,505,454
Total liabilities	617,600,896	(580,483,378)	37,117,518
Net assets	$ 194,723,384	$ (15,097,704)	$ 179,625,680
Equity			
Capital stock	$ 1,070	$ –	$ 1,070
Contributed surplus	148,472,640	–	148,472,640
Treasury shares	(549,900)	–	(549,900)
Reserves	2,731,037	(1,914,629)	816,408
Retained earnings	9,441,728	21,443,734	30,885,462
Equity attributable to equity holders of the parent	160,096,575	19,529,105	179,625,680
Non-controlling interests	34,626,809	(34,626,809)	–
Total equity	$ 194,723,384	$ (15,097,704)	$ 179,625,680

Consolidated Statement of Income

Period from September 18, 2012 (commencement of operations) to September 30, 2013

	As previously Reported 2013	Adjustments 2013	Restated 2013
Income			
Interest income	$ 36,994,858	$ (36,236,277)	$ 758,581
Interest expense	(9,604,157)	9,430,303	(173,854)
Net interest income	27,390,701	(26,805,974)	584,727
Fees and commissions	11,939,860	(11,939,860)	–
Dividend income	1,314,806	5,037,105	6,351,911
Gains on investments	16,811,366	12,874,716	29,686,082
Other operating income	3,998,546	(3,998,546)	–
Net exchange gains	1,310,909	(13,604)	1,297,305
Hedging of investment securities	(3,052,430)	3,052,430	–
Share of loss of associates	(2,377,196)	2,377,196	–
Total income	57,336,562	(19,416,537)	37,920,025
Expenses			
Salaries and employee benefits	16,891,460	(16,891,460)	–
Depreciation	467,558	(467,558)	–
Amortisation	732,867	(732,867)	–
Impairment losses on financial investments	2,972,592	(2,972,592)	–
General and administrative expenses	21,516,474	(17,272,450)	4,244,024
Total expenses	42,580,951	(38,336,927)	4,244,024
Income before tax	14,755,611	18,920,390	33,676,001
Income tax expense	(912,052)	–	–
Net income	$ 13,843,559	$ 18,920,390	$ 33,676,001
Attributable to:			
Equity holders of the parent	$ 12,090,027	$ 21,585,974	$ 33,676,001
Non-controlling interests	1,753,532	(1,753,532)	–
	$ 13,843,559	$ 19,832,442	$ 33,676,001
Earnings per share - basic	$ 1.60	$ 2.29	$ 3.89
Earnings per share - diluted	$ 1.60	$ 2.28	$ 3.88

Consolidated Statement of Comprehensive Income

Period from September 18, 2012 (commencement of operations) to September 30, 2013

	As previously Reported 2013	Adjustments 2013	Restated 2013
Net income for the year	$ 13,843,559	$ 19,832,442	$ 33,676,001
Other comprehensive income			
Exchange differences on translation of foreign operations	858,080	40,620	898,700
Share of other comprehensive income of an associate	73,302	(73,302)	–
Net gain (loss) on investment securities	16,706,546	(16,788,838)	(82,292)
Reclassification of gains realised in income	(15,945,247)	15,945,247	–
Other reserves	366,811	(366,811)	–
Other comprehensive income	2,059,492	(1,243,084)	816,408
Total comprehensive income	$ 15,903,051	$ 18,589,358	$ 34,492,409
Attributable to:			
Equity holders of the parent	$ 14,466,569	$ 20,025,840	$ 34,492,409
Non-controlling interests	1,436,482	(1,436,482)	–
	$ 15,903,051	$ 18,589,358	$ 34,492,409

Consolidated Statement of Cash Flows

Period from September 18, 2012 (commencement of operations) to September 30, 2013

	As previously Reported 2013	Adjustments 2013	Restated 2013
Cash flows from operating activities			
Net income	$ 14,755,611	$ 18,920,390	$ 33,676,001
Adjustments to reconcile net income to cash flows (used in) provided by operating activities:			
Depreciation	467,558	(467,558)	–
Amortisation	732,867	(732,867)	–
Write-down of other intangible assets	2,936,565	(2,936,565)	–
Share of losses of an associate	2,377,196	(2,377,196)	–
Dissolution of a subsidiary	142,240	(142,240)	–
Share of other comprehensive loss of an associate	481,929	(481,929)	–
Gain on sale of investment securities	(16,811,366)	(12,874,716)	(29,686,082)
Foreign exchange on investments	–	(2,571)	(2,571)
Loss on effective hedging derivatives	339,243	(339,243)	–
Impairment losses on receivable for investments pending settlement	2,972,592	(2,972,592)	–
Income taxes received	1,280,729	(1,280,729)	–
Decrease in receivable from a related party	7,948,554	(7,948,554)	–
Decrease (increase) in interest receivable	396,808	(439,172)	(42,364)
Increase in other assets	(7,966,911)	7,966,911	–
Decrease in derivative financial instruments	2,833,284	(2,833,284)	–
Decrease in deferred tax assets	799,963	(799,963)	–
Increase in customer drafts payable	1,581,534	(1,581,534)	–
(Decrease) increase in other liabilities	(19,273,317)	44,885,381	25,612,064
Increase in interest payable	1,369,418	(1,369,418)	–
Net cash (used in) provided by operating activities	$ (2,635,503)	$ 32,192,551	$ 29,557,048
Cash flows from investing activities			
Net increase in loans and advances	$ (44,651,471)	$ 7,163,906	$ (37,487,565)
Net increase in loans and advances to associates	(5,857,536)	5,857,536	–
Proceeds from sale of investment securities	223,150,156	(221,635,908)	1,514,248
Purchase of investment securities	(198,471,367)	49,509,705	(148,961,662)
Purchase of subsidiaries	(130,460,234)	130,460,234	–
Purchase of associates	(7,950,589)	7,950,589	–
Purchase of property and equipment	(673,644)	673,644	–
Purchase of goodwill and other intangible assets	(631,025)	631,025	–
Cash flows used in investing activities	$ (165,545,710)	$ (19,389,269)	$ (184,934,979)
Cash flows from financing activities			
Net increase in deposits	$ 5,654,972	$ (5,654,972)	$ –
Net (decrease) increase in interest-bearing loans and borrowings	(37,119,546)	48,625,000	11,505,454
Proceeds from issue of shares	148,561,233	(87,523)	148,473,710
Purchase of treasury stock	(551,747)	1,847	(549,900)
Dividends paid	(2,790,539)	–	(2,790,539)
Cash flows provided by financing activities	$ 113,754,373	$ 42,884,352	$ 156,638,725
Net (decrease) increase in cash and cash equivalents	$ (54,426,840)	$ 55,687,634	$ 1,260,794
Cash and cash equivalents acquired at acquisition	$ 264,911,280	$ (264,911,280)	$ –
Cash and cash equivalents, end of period	$ 210,484,440	$ (209,223,646)	$ 1,260,794

20. Subsequent Events

Subsequent to the year-end, Mr Duncan Saville, a related party, was appointed to the Board of Directors. This appointment is subject to confirmation by shareholders at the Company's annual general meeting.

In December 2014, Somers entered into a revised investment adviser agreement with ICM which remains in force until terminated by Somers giving ICM not less than six month's written notice of termination or ICM giving Somers not less than three months written notice of termination or such lesser period of notice as Somers or ICM agree. Included within the terms of this revised agreement is a performance fee payable to ICM where the growth in the Company's shareholders' equity exceeds a hurdle rate equal to the higher of 8% or 4% plus UK Retail Price Index inflation ("Hurdle Rate"). The new fee arrangement is effective October 1, 2014, and is payable at a rate of 15% on the amount by which growth in the Company's shareholders' equity exceeds the Hurdle Rate.

Effective December 10, 2014, the Board of Directors resolved to pay a final dividend for the year ended September 30, 2014, in the amount of $0.22 per share to shareholders of record at January 13, 2015, payable on February 6, 2015.

Notes

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Notes

COMPANY INFORMATION

Company Number: 46441
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Directors
Warren McLeland (Chairman)
David Morgan
Alasdair Younie
Charles Jillings
Duncan Saville (appointed December 10, 2014)
J. Michael Collier (retired December 10, 2014)

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Bermuda

Company Banker
Bermuda Commercial Bank Limited
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Hamilton HM 11
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Registrar
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