



S O M E R S  
2014 INTERIM REPORT

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## LETTER TO SHAREHOLDERS

JULY 7, 2014

### Introduction

*We are pleased to provide Somers Limited's ("Somers", the "Company" or the "Group") unaudited financial results for the six months ended March 31, 2014, and an update on the progress of our investments over the last six months.*

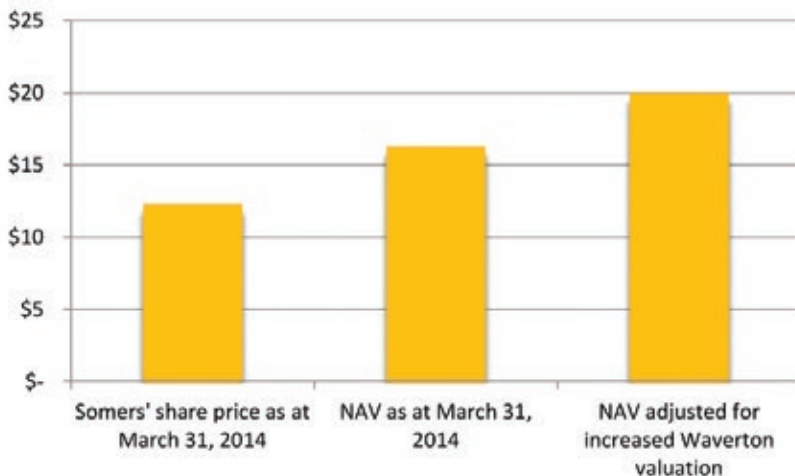
For the six months ended March 31, 2014, the Company recorded net income of approximately \$10.8 million (2013: \$3.1 million). Net income before non-controlling interests was \$9.7 million resulting in an annualised return of 10.6% based on shareholders' equity, before non controlling interests, of \$183.8 million as at March 31, 2014 (September 30, 2013: \$160.1 million). Year to date earnings per share totaled \$0.85 and the Company's net asset value per share increased to \$16.25 from \$14.97 as at September 30, 2013.

The Company's two main subsidiaries being Bermuda Commercial Bank Limited ("BCB" or the "Bank"), and Waverton Investment Management Limited ("Waverton") both reported strong results for the first six months of the year. This is the first full year that the Company has included Waverton's financial results following the acquisition in August 2013. It is pleasing to report that Waverton now has Assets under Management ("AuM") in excess of \$8.4 billion (£5 billion). This is an increase of almost 25% from when the company was acquired by Somers in August 2013.

Following a refinancing in January 2014, Somers increased its holding in Westhouse Holdings plc ("Westhouse") to 84.6%. In the first half of the year Westhouse continued to be loss making. However, in the current quarter, a number of completed and expected corporate transactions are likely to improve Westhouse's operating performance significantly. The Company's other investments continue to perform in line with expectations and an analysis of each of the Company's investments is set out below.

As a result of the strong performance of the Company's subsidiaries, we believe it is important for Shareholders and all stakeholders to be aware of the inherent value in Somers' investments. Somers values its investments in listed companies at market value and investments in unlisted companies at the cost of the investment adjusted for any profit or loss since acquisition. The Directors believe that Waverton in particular is undervalued on this basis given that listed company wealth managers in the UK trade at approximately 2% of AuM. If this valuation was applied to Waverton, it would be valued at approximately £90 million which on this basis would be an uplift of £40 million on the current valuation. Given the significant increase in AuM over the last six months we believe that such a valuation would not be unreasonable.

The Company's net asset value ("NAV") per share would therefore increase by almost 24% from \$16.25 to \$19.94 which is significantly greater than the Company's bid price of \$12.25 as at March 31, 2014. The graph on the next page sets out the comparison between the Company's share price, NAV and adjusted NAV as at March 31, 2014.



### Dividend Reinvestment Plan ("DRP")

On February 8, 2013, the Company's Board approved the adoption of a DRP for Somers which enabled Shareholders to elect to receive shares in lieu of cash dividends. However, with the Company's share price currently trading at a significant discount to its NAV, the Directors have agreed to suspend the DRP until the time when the discount to the NAV is reduced. Shareholders will receive their dividends in cash but the quantum of the dividends received will not be affected and they will not suffer the dilutionary effect of issuing shares at a discount to net asset value.

### Interim Dividend

The Company's Board is recommending an interim dividend payment of \$0.15 a share (2013: \$0.12 a share). The record date for the dividend will be June 20, 2014, and the payment date will be June 27, 2014.

### Review of Investments

#### BERMUDA COMMERCIAL BANK LIMITED ("BCB" or the "Bank")

The Bank recorded net income of \$7.9 million for the six months ended March 31, 2014 (2013: \$5.1 million). Total revenue for the six months was \$19.2 million (2013: \$14.0 million). Total interest income for the first half of the year was \$12.1 million (2013: \$9.6 million) and net non-interest income amounted to \$9.1 million (2013: \$6.2 million). This was primarily the result of gains from the Bank's financial investments portfolio. Gains from the sale of financial investments for the six months ended March 31, 2014, were \$9.7 million compared to gains of \$7.4 million in 2013.

Total assets as at March 31, 2014, were \$582.9 million (September 30, 2013: \$591.7 million). Total customer deposit balances were \$449.2 million (September 30, 2013: \$467.5 million).

The Bank's capital position increased to \$123.7 million as at March 31, 2014, from \$109.5 million as at September 30, 2013. This improvement resulted principally from unrealised mark to market gains on the Bank's financial investments portfolio and an increase in retained earnings. The Bank's regulatory capital ratio was 20.5% at March 31, 2014, while the tier one ratio was 21.8%. The Bank's total risk weighted assets were \$427.5 million as at March 31, 2014 (September 30, 2013: \$414.5 million).

On December 9, 2013, Fitch Ratings ("Fitch") reaffirmed BCB's investment grade rating (BBB-) and revised the outlook to stable. This was due to the Bank's strong liquidity, capital position and improving financial performance. Fitch stated that "BCB operates with a very liquid balance sheet relative to its bank peers in Bermuda and the community bank peer group in the US. BCB's capital levels, on a tangible and risk adjusted basis, continue to be strong."

The management team continues to be strengthened at BCB with the addition during the first half of the year of Peter Horton who started his role as BCB's Chief Executive Officer in October 2013. Mr. Horton joined BCB from the Bank of Maldives where he was CEO and Managing Director for the past two years. BCB have also appointed a new CFO, COO and Client Relationship Manager post the period end. In addition, BCB strengthened its board by appointing two new non-executive directors, Alan Gilbertson and Jeanne Atherden during the first half of the year.

BCB is continuing to invest in its infrastructure and in December 2013 announced the acquisition of the LP Gutteridge Building (the "LPG Building") in Hamilton, Bermuda. The LPG Building will be the home for BCB and other Somers companies moving forward and will provide the Bank with a suitable base for the medium and long term and a building in which it can continue to grow and attract business. Post the period end, BCB announced that it had signed a deal with Temenos to acquire its T24 core banking system Model bank. This will enable the Bank to offer new banking products and to provide a superior service to its clients.

BCB's financial performance continues to improve with its liquid and well capitalised balance sheet strengthening further. There are significant opportunities for BCB to further penetrate the market with new products and continue to grow its deposit base.

A detailed set of financial statements for BCB for the six months ended March 31, 2014, are available on the Bank's website at [www.bcb.bm](http://www.bcb.bm).

## **WAVERTON INVESTMENT MANAGEMENT LIMITED ("Waverton")**

The London based specialist investment manager provides discretionary portfolio management for private clients, charities and institutions. During the first half of the year, J O Hambro Investment Management changed its name to Waverton, which was not a completely new name, as a number of Waverton's in-house funds had used the Waverton banner since 2004 and was thus known to Waverton's clients. As at March 31, 2013, Waverton reported Assets under Management ("AuM") of US\$8.0 billion (September 30, 2013: US\$6.4 billion). Waverton has benefitted from strong capital markets over the last six months but more importantly has attracted new assets as well. The growth in assets over the last six months is split between 28% existing AuM and 72% of net new assets from existing and new mandates. For the six months ended March 31, 2014, Waverton earned revenue of \$25.3 million and profit after tax of \$4.3 million.

Waverton's strong investment performance has attracted increased investment in its top ranked European Fund. The European Fund over the last six months has attracted almost \$500 million of net new assets. This is a prime example of how strong investment performance is value accretive by attracting new assets thereby improving the financial performance of a wealth management company.

We are very pleased with the acquisition of Waverton. The growth in AuM since the acquisition has been better than originally forecast. We have developed an excellent relationship with Waverton's management and with a number of new areas being targeted we anticipate that Waverton will continue to grow.

### **PRIVATE & COMMERCIAL FINANCE GROUP PLC ("PCFG")**

PCFG is a small UK asset financing company, founded in 1993, whose shares are quoted on the London Stock Exchange. PCFG has grown by a combination of acquisitions and organic growth. PCFG provides car and asset finance to over 12,000 customers across the UK.

Somers is interested in 15,553,800 shares in PCFG representing approximately 29.4% of PCFG's issued share capital. In addition, the Group has an interest in \$13.7 million unsecured convertible loan notes issued by PCFG giving Somers a diluted economic interest in PCFG of approximately 75%. As a result, Somers has consolidated PCFG's results for the six months ended March 31, 2014.

On June 10, 2014, PCFG announced their results for the year ended March 31, 2014. PCFG reported an increase in profit before tax of 50% to \$2.1 million and a return on average assets of 1.5% (2013: 1.0%). Basic earnings per shares increased by 27% to 1.4p and net assets increased to \$17.3 million. Business volumes increased to \$84.4 million and the total portfolio was worth \$147.4 million. PCFG also had reported headroom on their debt facilities of \$23.9 million. They also expect to complete the application for a deposit taking license by March 2015.

### **WESTHOUSE HOLDINGS PLC ("Westhouse")**

Westhouse Holdings PLC is a corporate and institutional stockbroking group located in London. As at March 31, 2014, Somers had an equity interest in Westhouse of approximately 84.6%.

During the first six months of the year, Somers increased its holding in Westhouse from 46.1% to the current 84.6%. This was through an equity and debt fundraising whereby Westhouse raised £3.45 million to repay debt and to strengthen the balance sheet. The aim is to develop Westhouse into a profitable and stronger corporate and institutional stockbroking business.

Trading conditions in the six month period ended March 31, 2014, continue to be difficult in this sector. The small number of significant corporate transactions negatively impacted Westhouse's results. For the first half of the year, Westhouse reported a loss before tax of \$1.7 million. This was disappointing but there has been a significant improvement in performance since the half year end with April and May generating a profit. Importantly, there are a number of corporate transactions in the pipeline, which should ensure that Westhouse is profitable in the second half of the year. This would represent a significant improvement.

We believe that Westhouse has the opportunity to develop into a successful and profitable corporate and institutional stockbroking business. However, due to the nature of the business and the reliance on corporate, the financial results are likely to be 'lumpy'. If Westhouse is able to increase its scale through attracting new corporate clients and expand the corporate transaction pipeline then the financial results will not only improve, but they will flatten out.

**WEST HAMILTON HOLDINGS LIMITED (“WHH”)**

WHH is a Bermuda Stock Exchange listed property management and investment company with two commercial properties, known as the Belvedere Building and the Belvedere Place, a 309 car parking facility, in which space is let under medium and long term leases. The two properties cover an area of approximately 2 acres.

The Somers Group has a combined holding of 57.4% in WHH and for the six months ended March 31, 2014, WHH contributed \$0.2 million of profit to Somers.

WHH's assets are located in the west of Hamilton which is favoured by Bermuda's international business sector and, as such, we believe represents an opportunity for value appreciation. We are conscious of the pressure that commercial property is under in Bermuda but believe that the location of WHH's assets should prove an attractive proposition to companies looking to move to this part of Hamilton. The Belvedere Parking facility is fully let and at the end of 2013 WHH received planning approval for the residential development of part of its property which has already attracted significant interest. We anticipate that this development will break ground towards the end of the year with the development complete in the first quarter of 2016.

**ASCOT LLOYD HOLDINGS LIMITED (“Ascot Lloyd”)**

Ascot Lloyd is a regulated independent financial adviser (“IFA”) located in the UK. Somers' interest in Ascot Lloyd is through a £1.75 million convertible loan note facility. The UK IFA industry continues to react to significant regulatory change which is creating a number of consolidation opportunities for Ascot Lloyd. Ascot Lloyd is looking to make further acquisitions in 2014 in order to grow its business.

For the year ended December 31, 2013, Ascot Lloyd reported unaudited income of \$9.3 million (2012: \$6.8 million) and EBITDA of \$1.8 million.

**SUMMARY**

The Company's improved results for the first half of the year supports a 25% increase in the interim dividend. Both BCB and Waverton have reported strong results but importantly there remain significant opportunities for both of these financial groups to grow in the short to medium term. Our other investments, whilst smaller, also have exciting opportunities and we will continue to look for additional acquisitions and investments with the aim to improve the returns to all shareholders. I look forward to the rest of the 2014 financial year with confidence.

Yours sincerely,



Warren McLeland  
Chairman

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(expressed in United States Dollars)

<b>Assets</b>	<b>Mar 31, 2014</b>	<b>Sep 30, 2013*</b>
Cash and term deposits:		
Due on demand	\$ 89,084,712	\$ 39,751,507
Term deposits	124,929,840	170,732,933
Total cash and term deposits	214,014,553	210,484,440
Other assets	54,985,746	29,346,758
Loans receivable from associates	2,917,425	5,857,536
Interest receivable	4,432,894	4,073,844
Loans and advances to customers (Note 5)	222,529,447	198,553,123
Financial investments (Note 4)	228,979,323	250,382,156
Derivative financial instruments	1,282,571	4,173,271
Deferred tax assets	7,197,624	3,978,126
Property and equipment	59,957,198	53,139,335
Goodwill and other intangible assets	55,337,604	46,932,346
Investment in associates	-	5,403,345
<b>Total assets</b>	<b>\$ 851,634,384</b>	<b>\$ 812,324,280</b>
<b>Liabilities</b>		
Deposits (Note 6):		
Demand deposits	\$ 248,370,729	\$ 253,872,954
Term deposits	194,140,266	207,317,375
Total deposits	442,510,994	461,190,329
Other liabilities	29,064,166	16,597,004
Interest payable	5,658,071	3,821,665
Customer drafts payable	450,337	2,527,491
Derivative financial instruments	2,531,940	6,631,518
Interest bearing loans and borrowings	151,139,226	126,832,889
<b>Total liabilities</b>	<b>\$ 631,354,734</b>	<b>\$ 617,600,896</b>
<b>Equity</b>		
Capital stock	\$ 1,138	\$ 1,070
Contributed surplus	156,781,917	148,472,640
Treasury shares	(809,940)	(549,900)
Other comprehensive income	11,280,575	2,731,037
Retained Earnings	16,514,821	9,441,728
Equity attributable to equity holders of the parent	183,768,511	160,096,575
Non-controlling interests	36,511,139	34,626,809
<b>Total equity</b>	<b>220,279,650</b>	<b>194,723,384</b>
<b>Total liabilities and equity</b>	<b>\$ 851,634,384</b>	<b>\$ 812,324,280</b>



**CONSOLIDATED STATEMENT OF INCOME**

(expressed in United States Dollars - unaudited)

<b>Income</b>	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>
Interest income:				
Cash and term deposits	\$ 71,440	\$ 80,825	\$ 102,761	\$ 168,334
Money market funds	-	7,176	-	59,042
Loans and advances to customers	7,115,072	1,523,811	13,760,374	1,633,857
Financial investments	3,479,874	3,746,293	7,568,277	7,836,758
Total interest income	10,666,386	5,358,105	21,431,412	9,697,992
Interest expense	(3,162,933)	(882,470)	(5,834,072)	(1,788,437)
Net interest income	7,503,453	4,475,635	15,597,340	7,909,555
Fees and commissions (Note 8)	16,373,703	905,162	30,084,729	1,951,014
Net exchange gains (losses)	38,200	(930,348)	627,771	(717,143)
Losses on derivative financial instruments	(1,591,234)	(2,266,648)	(2,891,849)	(2,055,410)
Dividend income	474,409	227,149	743,121	380,150
Gain from sale of financial investments	5,060,805	2,315,105	9,690,195	7,417,889
Impairment losses on financial investments	(992,217)	-	(992,217)	(1,160,184)
Share of losses of an associate	(40,457)	(325,873)	(717,206)	(1,443,831)
Other operating income	457,690	20,758	1,015,586	41,477
Total income	27,284,352	4,420,940	53,157,469	12,323,517
<b>Expenses</b>				
Salaries and employee benefits	12,539,989	2,362,027	21,629,803	5,224,802
Depreciation	266,873	84,685	513,217	164,542
Amortisation	222,079	120,983	432,740	253,058
General and administrative expenses (Note 9)	9,217,676	1,747,483	18,385,280	3,550,631
Total expenses	22,246,617	4,315,178	40,961,040	9,193,033
Income before tax	5,037,735	105,762	12,196,429	3,130,484
Income tax expense	(398,049)	-	(1,369,878)	-
Net income	\$ 4,639,686	\$ 105,762	\$ 10,826,551	\$ 3,130,484
Attributable to:				
Equity holders of the parent	\$ 3,994,116	\$ 105,762	\$ 9,671,475	\$ 3,130,484
Non-controlling interests	645,570	-	1,155,076	-
	\$ 4,639,686	\$ 105,762	\$ 10,826,551	\$ 3,130,484

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(expressed in United States Dollars - unaudited)

<b>Income</b>	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2013</b>
Net income for the period	\$ 4,639,686	\$ 105,762	\$ 10,826,551	\$ 3,130,484
Other comprehensive income (loss):				
Exchange differences on translation of foreign operations	244,249	-	754,369	-
Net gain on financial investments	8,485,855	1,695,165	17,450,651	12,971,143
Reclassification of gains realised in income	(5,060,805)	(2,315,105)	(9,690,195)	(7,417,889)
Other reserves	172,849	-	172,849	-
Other comprehensive (loss) income	3,842,148	(619,940)	8,687,674	5,553,254
Total comprehensive income	\$ 8,481,834	\$ (514,178)	\$ 19,514,225	\$ 8,683,738
Attributable to:				
Equity holders of the parent	\$ 7,970,824	\$ (514,178)	\$ 18,221,013	\$ 8,683,738
Non-controlling interests	511,010	-	1,293,212	-
Total	\$ 8,481,834	\$ (514,178)	\$ 19,514,225	\$ 8,683,738

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended March 31, 2014 (expressed in United States Dollars - unaudited)

	<b>Capital Stock</b>	<b>Contributed Surplus</b>	<b>Treasury Stock</b>	<b>Other Reserves</b>
October 1, 2012	\$ -	\$ -	\$ -	\$ -
Amalgamation with BCB	700	104,755,367		
Net income for the period				
Other comprehensive income				5,553,254
Issue of share capital	122	17,163,045		
Exercise of options	50	2,848,550		
Dividends (Note 7)				
Acquisition of subsidiaries				
March 31, 2013	\$ 872	\$ 124,766,962	\$ -	\$ 5,553,254
October 1, 2013	\$ 1,070	\$ 148,472,640	\$ (549,900)	\$ 2,731,037
Net income for the period				
Other comprehensive income				8,549,538
Issue of share capital	15	1,988,409		
Exercise of warrants	62	7,448,759		
Dissolution of subsidiary				
Net purchase of treasury stock			(1,387,940)	
Cancellation of treasury stock	(9)	(1,127,891)	1,127,900	
Dividends (Note 7)				
Acquisition of subsidiaries				
March 31, 2014	\$ 1,138	\$ 156,781,917	\$ (809,940)	\$ 11,280,575

Retained Earnings	Total	Now Controlling Interests	Total Equity
\$ -	\$ -	\$ -	\$ -
	104,756,067		104,756,067
3,130,483	3,130,483		3,130,483
	5,553,254		5,553,254
	17,163,167		17,163,167
	2,848,600		2,848,600
(1,741,414)	(1,741,414)		(1,741,414)
	-		-
\$ 1,389,069	\$ 131,710,157	\$ -	\$ 131,710,157
\$ 9,441,728	\$ 160,096,575	\$ 34,626,809	\$ 194,723,384
9,671,475	9,671,475	1,155,076	10,826,551
	8,549,538	138,136	8,687,674
	1,988,424		1,988,424
	7,448,821		7,448,821
(347,090)	(347,090)		(347,090)
	(1,387,940)		(1,387,940)
	-		-
(2,251,292)	(2,251,292)	(190,134)	(2,441,426)
	-	781,252	781,252
\$ 16,514,821	\$ 183,768,511	\$ 36,511,139	\$ 220,279,650

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended March 31, 2014 (expressed in United States Dollars - unaudited)

<b>Operating Activities</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2013*</b>
Net income before taxes	\$ 12,196,429	\$ 3,130,483
Adjustments to reconcile net income to cash flows used in operating activities:		
Depreciation	513,217	164,542
Amortisation	432,740	253,058
Share of losses of an associate	717,206	1,443,831
Increase in investment in associates	-	(7,506,906)
Dissolution of subsidiaries	(347,090)	-
Gain on sale of investment securities	(9,690,195)	(7,417,889)
Increase in derivative financial instruments	(1,208,878)	(3,139,695)
Impairment losses on financial investments	992,217	1,160,184
Income taxes paid	(1,369,878)	-
Decrease in receivable from a related party	-	-
(Increase) decrease in interest receivable	(359,050)	703,740
(Increase) decrease in other assets	(25,638,988)	4,183,192
Increase in interest payable	1,836,406	597,275
Increase in deferred tax assets	(3,219,498)	-
(Decrease) increase in customer drafts payable	(2,077,154)	2,211,293
Increase in other liabilities	12,467,162	1,027,296
Net cash used in operating activities	(14,755,353)	(3,189,596)
<b>Investing Activities</b>		
Net increase in loans and advances to customers	(23,976,324)	(901,286)
Decrease in loans receivable from associates	2,940,111	-
Proceeds from sale of investment securities	107,045,781	77,771,092
Purchases of investment securities	(68,974,502)	(94,497,556)
Purchases of subsidiaries	781,252	-
Purchases of property and equipment	(7,331,080)	(105,295)
Purchases of goodwill and other intangible assets	(3,434,653)	(142,554)
Net cash provided by (used in) investing activities	7,050,585	(17,875,599)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

<b>Financing Activities</b>	<b>Mar 31, 2014</b>	<b>Mar 31, 2013*</b>
Net (decrease) increase in deposits	(18,679,335)	39,275,813
Increase in interest bearing loans and borrowings	24,306,337	-
Proceeds from issue of shares	9,437,245	20,012,224
Purchase of treasury stock	(1,387,940)	-
Dividends paid	(2,441,426)	(1,741,414)
Net cash provided by financing activities	11,234,881	57,546,623
Net increase in cash and cash equivalents	3,530,113	36,481,428
Cash and cash equivalents, beginning of period	210,484,440	226,914,057
Cash and cash equivalents, end of period	\$ 214,014,553	\$ 263,395,485

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended March 31, 2014 (expressed in United States dollars - unaudited)

**1. BASIS OF PREPARATION**

These interim consolidated financial statements for the six month period ended March 31, 2014, have been prepared in accordance with International Accounting Standards (IAS 34), Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Somers Limited's annual financial statements for the year ended September 30, 2013.

The Company's interim results are not materially affected by seasonal factors.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the Company's annual financial statements for the year ended September 30, 2013.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. CASH AND TERM DEPOSITS

Cash and term deposits include:

	Mar 31, 2014	Sep 30, 2013*
Cash and demand deposits	\$ 89,084,712	\$ 39,751,507
Term deposits:		
Deposits maturing - within 1 month	124,929,840	170,732,933
Deposits maturing - 1-3 months	-	-
Deposits maturing - 3-12 months	-	-
Total Term Deposits	124,929,840	170,732,933
Total	\$ 214,014,553	\$ 210,484,440

\* Audited

### 4. INVESTMENT SECURITIES

#### Available-for-sale financial investments

The fair values of available-for-sale financial investments by major classifications of financial investments were as follows:

	Mar 31, 2014
Corporate debt securities	\$ 97,852,190
Debt securities issued by banks	49,024,133
Asset-backed securities	23,283,086
Government debt securities	653,478
Equities	33,505,953
Portfolio funds	24,660,483
Total	\$ 228,979,323

\* Audited

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers and the allowance for loan losses at March 31, 2014 were as follows:

	Mar 31, 2014			Sep 30, 2013*		
	Gross	Allowance	Net	Gross	Allowance	Net
Hire purchase agreement receivables	\$ 111,364,044	\$ 5,953,813	\$ 105,410,232	\$ 106,534,478	\$ 6,429,545	\$ 100,104,933
Commercial loans	67,604,858	-	67,604,858	51,091,656	-	51,091,656
Finance lease receivables	36,934,914	2,665,656	34,269,258	34,704,843	2,974,407	31,730,436
Commercial overdrafts	14,683,423	-	14,683,423	15,025,797	-	15,025,797
Consumer mortgage loans	426,353	50,000	376,353	411,887	50,000	361,887
Credit cards	100,896	-	100,896	192,700	-	192,700
Others	84,428	-	84,428	45,714	-	45,714
<b>Total</b>	<b>\$ 231,198,916</b>	<b>\$ 8,669,469</b>	<b>\$ 222,529,447</b>	<b>\$ 208,007,075</b>	<b>\$ 9,453,952</b>	<b>\$ 198,553,123</b>

Allowance for loan losses consists of:

#### Mar 31, 2014

	Hire purchase agreement receivables	Finance lease receivables	Consumer mortgage loans	Total
Beginning of period	\$ 6,429,545	\$ 2,974,407	\$ 50,000	\$ 9,453,952
Utilised	(2,006,562)	(335,430)		(2,341,992)
Additional provisions created	1,530,830	26,679		1,557,509
End of period	\$ 5,953,813	\$ 2,665,656	\$ 50,000	\$ 8,669,469

#### Sep 30, 2013

	Hire purchase agreement receivables	Finance lease receivables	Consumer mortgage loans	Total
Beginning of year	\$ -	\$ -	\$ 50,000	\$ 50,000
Acquisition of subsidiaries	8,284,689	3,620,308		11,904,997
Utilised	(4,343,240)	(1,576,711)		(5,919,951)
Additional provisions created	2,488,096	930,810		3,418,906
End of year	\$ 6,429,545	\$ 2,974,407	\$ 50,000	\$ 9,453,952

\* Audited



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. DEPOSITS

	Mar 31, 2014	Sep 30, 2013*
Demand deposits	\$ 248,370,728	\$ 253,872,954
Term deposits:		
Deposits maturing - within 1 month	56,532,665	70,858,633
Deposits maturing - 1-3 months	39,231,238	26,436,279
Deposits maturing - 3-12 months	33,291,337	43,554,267
Deposits maturing - 1-5 years	65,085,026	66,468,196
	194,140,266	207,317,375
Total	\$ 442,510,994	\$ 461,190,329

### 7. DIVIDENDS

Dividends on ordinary shares declared and paid during the six month period: \$2,251,292 (2013: \$1,741,414)

### 8. FEES AND COMMISSIONS

	For the three months ended		For the six months ended	
	Mar 31, 2014	Mar 31, 2013	Mar 31, 2014	Mar 31, 2013
Asset management	\$ 12,967,928	\$ -	\$ 25,307,205	\$ 0
Banking services	1,119,169	905,162	2,448,506	1,951,014
Stockbroking	2,264,918	-	2,264,918	0
Consumer and business finance	21,688	-	64,100	0
Total	\$ 16,373,703	\$ 905,162	\$ 30,084,729	\$ 1,951,014



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