LOM (HOLDINGS) LIMITED

(INCORPORATED IN BERMUDA)

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

LOM (HOLDINGS) LIMITED

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Stockholders' of
LOM (Holdings) Limited

We have audited the accompanying consolidated balance sheets of LOM (Holdings) Limited and Subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LOM (Holdings) Limited and Subsidiaries as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the five year comparison table in Note 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in

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the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 4 to the financial statements, the 2010 financial statements have been restated to correct a misstatement.

Marcum LLP

Melville, NY
April 23, 2012

LOM (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)

December 31, 2011 and 2010

ASSETS

	2011	(Restated) 2010
Cash and cash equivalents	$ 3,584,865	$ 3,795,209
Securities owned, at fair value (cost: 2011 - $2,808,590 2010 - $2,853,012)	3,835,952	4,353,685
Other receivables	67,612	357,346
Due from related party	9,357	20,004
Prepaid expenses and other assets	279,922	328,844
Investment in Yorkstreet Holdings Ltd. – equity method	1,193,569	1,131,585
Property and equipment, net	8,598,594	9,365,748
TOTAL ASSETS	$17,569,871	$19,352,421

LIABILITIES AND STOCKHOLDERS' EQUITY

	2011	(Restated) 2010
LIABILITIES		
Accounts payable and accrued liabilities	$ 695,144	$ 763,801
Securities sold short (proceeds: 2011 - $7,101, 2010 - $Nil), at fair value	6,817	--
Unrealized loss on future contracts	--	4,412
TOTAL LIABILITIES	701,961	768,213
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common shares, par value $0.10 per share; 20,000,000 shares authorized, and 6,149,174 (2010 - 6,223,450) shares issued and outstanding	614,917	622,345
Additional paid-in capital	3,291,841	3,499,555
Loans receivable for issuance of common stock	(138,950)	(171,050)
Retained earnings	13,100,102	14,633,358
TOTAL STOCKHOLDERS' EQUITY	16,867,910	18,584,208
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$17,569,871	$19,352,421

Approved by the Board of Directors:

Director   Director

The accompanying notes are an integral part of these consolidated financial statements.

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

	2011	(Restated) 2010
REVENUES		
Broking fee income	$ 3,185,694	$3,706,049
Management and investment advisory fees including related party management fees of $1,231,957 in 2011 and $1,050,345 in 2010	2,258,603	1,921,653
Net interest income, net of interest expense of $174,901 in 2011 and $168,098 in 2010	757,452	707,755
Rental income, including related party rent of $243,800 in 2011 and $243,800 in 2010	726,562	723,717
Other income	527,826	191,508
Income recorded under the equity method	164,183	113,231
Foreign exchange income, net	899,412	1,016,469
Net trading (losses) gains on securities owned	(296,017)	89,849
Corporate finance income	36,221	278,174
Administration and custody fees	76,026	77,029
TOTAL REVENUES	8,335,962	8,825,434
OPERATING EXPENSES		
Employee compensation and benefits	3,083,995	2,838,813
Commissions and referral fees	1,890,327	1,973,084
Computer and information services	647,350	695,788
Depreciation and amortization of property and equipment	312,433	393,096
Jitney fees	377,753	517,614
Advisory fee expense	176,408	126,700
Professional fees	654,565	955,040
Occupancy	653,060	572,261
Administration	388,656	320,182
Insurance	198,462	189,078
Loss (gain) on disposal of property and equipment	750,581	(15,871)
Custodial charges	579,409	522,873
Net foreign exchange transaction losses	94,580	26,664
TOTAL OPERATING EXPENSES	9,807,579	9,115,322
NET LOSS	$(1,471,617)	$ (289,888)
NET LOSS PER COMMON SHARE Basic and diluted	$(0.24)	$(0.05)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: Basic and diluted	6,168,336	6,245,508

The accompanying notes are an integral part of these consolidated financial statements.

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

	Common Stock			Loans Receivable		
	Shares	Amount	Additional Paid-in Capital	for Issuance of Common Stock	Retained Earnings	Total
BALANCE – January 1, 2010 (as restated see Note 4)	6,257,450	$625,745	$3,594,710	$(172,250)	$14,985,621	$19,033,826
Net loss	--	--	--	--	(289,888)	(289,888)
Repurchase and retirement of common stock	(34,000)	(3,400)	(104,900)	--	--	(108,300)
Stock-based compensation	--	--	9,745	--	--	9,745
Dividends declared	--	--	--	1,200	(62,375)	(61,175)
BALANCE – December 31, 2010	6,223,450	$622,345	$3,499,555	$(171,050)	$14,633,358	$18,584,208

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY,
Continued
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Total
BALANCE – January 1, 2011	6,223,450	$622,345	$3,499,555	$(171,050)	$14,633,358	$18,584,208
Net loss	--	--	--	--	(1,471,617)	(1,471,617)
Repurchase and retirement of common stock	(74,276)	(7,428)	(216,750)	--	--	(224,178)
Stock-based compensation	--	--	9,036	--	--	9,036
Payment of loans receivable for issuance of common stock	--	--	--	30,903	--	30,903
Dividends declared	--	--	--	1,197	(61,639)	(60,442)
BALANCE – December 31, 2011	6,149,174	$614,917	$3,291,841	$(138,950)	$13,100,102	$16,867,910

The accompanying notes are an integral part of these consolidated financial statements.

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

	2011	(Restated) 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,471,617)	$ (289,888)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	312,433	393,096
Stock-based compensation expense	9,036	9,745
Net income from equity method investments	(164,184)	(113,231)
Dividends received from equity method investments	102,200	102,200
Loss (gain) on disposal of property and equipment	750,581	(15,871)
Net trading losses (gains) on securities owned	296,017	(89,849)
Changes in operating assets and liabilities:		
Securities owned, at fair value	221,716	689,371
Other receivables	289,734	(212,590)
Employee loans receivable	--	1,194,919
Due from related party	10,647	(7,977)
Prepaid expenses and other assets	48,922	(103,298)
Accounts payable and accrued liabilities	(68,657)	111,812
Securities sold short, at fair value	6,817	--
Unrealized loss on future contracts	(4,412)	4,412
Accrued legal fees and litigation expenses	--	(1,688,426)
TOTAL ADJUSTMENTS	1,810,850	274,313
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	339,233	(15,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(295,860)	(322,590)
Proceeds from sale of property and equipment	--	26,841
NET CASH USED IN INVESTING ACTIVITIES	(295,860)	(295,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(224,178)	(108,300)
Proceeds from loan receivable for issuance of common stock	30,903	--
Dividends paid	(60,442)	(61,175)
NET CASH USED IN FINANCING ACTIVITIES	$ (253,717)	$ (169,475)

The accompanying notes are an integral part of these consolidated financial statements.

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2011 and 2010

	2011	(Restated) 2010
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (210,344)	$ (480,799)
CASH AND CASH EQUIVALENTS - Beginning	3,795,209	4,276,008
CASH AND CASH EQUIVALENTS - Ending	$ 3,584,865	$ 3,795,209
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$174,901	$168,098
Non-Cash Investing and Financing Activities:		
Dividends paid during the year, offset against loans receivable for issuance of common stock	$ 1,197	$ 1,200

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - Nature of Business

LOM (Holdings) Limited ("Holdings"), a holding company for several wholly owned subsidiaries, was incorporated on May 1, 1996 under the laws of Bermuda. The common stock of Holdings is publicly traded and listed on the Bermuda Stock Exchange. Holdings, collectively, with its subsidiaries, is referred to as the "Company" or the "LOM Group of Companies."

A description of the operations of Holdings' wholly-owned subsidiaries is as follows:

LOM Securities (Bermuda) Limited ("LOMB") was incorporated in 1998 to provide investment and financial advice, brokerage services and discretionary investment management services. LOMB is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

LOM International Holdings Limited, a Bahamian company, was incorporated in the Commonwealth of the Bahamas in 2005 to hold the LOM Group of Companies non-Bermuda subsidiaries. However, LOM Securities (Cayman) Limited will be dissolved on May 14, 2012 and all the shares of LOM (UK) Limited were sold to the Company on February 15, 2011.

LOM Securities (Cayman) Limited was incorporated in 1995 under the laws of the Cayman Islands as an exempt company with limited liability and is regulated by the Cayman Islands Monetary Authority until the company voluntarily surrendered its license in December 2010. The LOM Securities (Cayman) Limited office was closed in March 2010 as the Company consolidated its Caribbean operations into its office in Nassau in the Bahamas. The Company went through a voluntary liquidation and will be dissolved on May 14, 2012 in accordance with Cayman island laws.

LOM Securities (Bahamas) Limited was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Securities Commission of the Bahamas. LOM Securities (Bahamas) Limited is domiciled in the Bahamas and is engaged in a single line of business as a Bahamian broker-dealer, which comprises several classes of service, including principal transactions, agency transactions and the provision of investment advisory services.

LOM Asset Management Limited was incorporated in 1995 to offer its services as investment consultant, manager and advisor. LOM Asset Management Limited is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

NOTE 1 - Nature of Business, continued

Lines Overseas Management Limited (“LOML”) was incorporated in 1992, to provide custody, settlement, information technology and execution services as well as certain finance, human resources and administrative services to other companies in the LOM Group of Companies. LOML operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda. LOML has since gone through a name change to Global Custody & Clearing Limited, this was effective February 9, 2012.

LOM Properties Limited was incorporated in 1996 to hold property for Holdings in Bermuda.

LOM Capital Limited (“LOMCP”) was incorporated in 1998 to offer services to source, value, document and close capital investments in growing companies. LOMCP is domiciled and operates in Bermuda.

LOM Services Limited, a Bermuda company, was incorporated in 2003 to provide information technology and client services to the LOM Group of Companies and external clients. The assets, liabilities and intellectual property of LOM Services Limited were purchased by LOML on October 19, 2010. The Company was dissolved on February 3, 2011.

LOM Nominees Limited, a Bermuda company, was incorporated in 1994 to perform nominee services.

LOM (UK) Limited was incorporated in the United Kingdom in 2004 to market the LOM Group of Companies services to intermediaries in Europe. It also provides assistance in administration for the LOM Group of Companies.

NOTE 2 - Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts and results of operations of all wholly-owned subsidiaries listed in Note 1. All inter-company balances and transactions are eliminated in consolidation.

NOTE 2 - Summary of Significant Accounting Policies, continued

Broking Fee Income and Jitney Fees
Broking fee income represents amounts charged to clients for brokerage services and related jitney fees are amounts charged to the Company by the executing broker. Both are recognized on a trade date basis.

Management and Investment Advisory Fees
The LOM Group of Companies receives management fees and investment advisory fees for managing assets on a discretionary basis for both private and institutional clients and earns management and investment advisory fees based on the value of the portfolio, which are recorded on an accrual basis and recognized on a monthly basis. The LOM Group of Companies also earns management fees from the following mutual funds listed on the Bermuda Stock Exchange (collectively referred to as the LOM Sponsored Funds), which are recorded on an accrual basis and recognized on a monthly basis, based on the net asset values:

- LOM Funds SAC Limited
    - LOM Money Market Fund
    - LOM Fixed Income Fund
    - LOM Equity Growth Fund
    - LOM Balanced Fund
    - LOM Stable Income Fund
- LOM Commodities Fund Limited

Foreign Exchange Income, net
Foreign exchange income represents income earned from foreign currency transactions facilitated for customers which is based on the current foreign exchange rates, and is net of foreign exchange fees charged by external brokers. Foreign exchange income is recorded on a trade date basis.

Corporate Finance Income
Corporate finance income consists of fees earned for raising capital for both public and private companies. These fees can be received in the form of cash, securities and/or warrants from the Companies seeking investment. When corporate finance income is received in the form of securities, the Company records income based on the fair value of the securities received as of the date of the transaction. Fair value is the last reported sales price on the main market in which the investments trade on the date of valuation. Where there are no sales on that day, the mid-market prices are used. Where income is received in the form of warrants, the Board of Directors determines a price based on the fair value of the warrant by utilizing accepted valuation techniques such as the Black-Scholes model. Corporate finance income for 2011 amounted to $36,221 (2010 - $278,174).

NOTE 2 - Summary of Significant Accounting Policies, continued

Administration and Custody Fees
Administration fees, charged for the administrative and custodial services provided to the LOM Sponsored Funds, are recorded on an accrual basis over the period which the service is provided.

Net Interest Income
Net interest income is a combination of interest earned on or paid to clients based on their daily cash balances and interest received or paid on the Company's cash balances from and to brokers, custodians and related parties (see Note 10). Interest income for 2011 amounted to $932,353 (2010 - $875,853). Interest expense for 2011 amounted to $174,901 (2010 - $168,098).

Other Income
Other income earned includes fees for settlement of client investment transactions and dividends received related to the Company’s investments. Fees earned for settlement of client investment transactions and dividends received related to the Company’s investments are recorded on a transaction date basis.

Rental Income
Rental income consists of rent earned from the lease of office space in the Company owned office building and includes rent from related parties and is recorded on an accrual basis (see Note 10).

Accrued Legal Fees and Litigation Expenses
In making a determination of the amount to accrue for a loss contingency involving litigation, the Company’s policy is to accrue for expected legal fees and associated costs related to the litigation when the loss contingency is initially recorded, not when the legal services are actually provided.

Cash and Cash Equivalents
The Company has defined cash equivalents as highly liquid investments, with original maturities of 90 days or less that are not held for sale in the ordinary course of business. Cash and cash equivalents can include time deposits, money market funds and U.S. Treasury bills with original maturities of 90 days or less.

Property and Equipment
Property and equipment is stated at cost, net of accumulated depreciation and amortization. The costs of normal maintenance and repairs are charged to expense in the year incurred. Expenditures which significantly improve or extend the life of an asset are capitalized and depreciated or amortized over the assets remaining useful life.

NOTE 2 - Summary of Significant Accounting Policies, continued

Property and Equipment, continued
Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the life of the asset or the remaining lease term. Upon sale or disposition, the related cost and accumulated depreciation or amortization are removed from this account and the result of gain or loss, if any, is reflected in earnings. The useful lives are as follows:

Building	40 years
Computer hardware and software	3 years
Furniture and fittings	4 years
Leasehold improvements	4 - 6 years
Machinery and equipment	4 years

Unclaimed Cash and Securities
Client funds received and unclaimed after a three-year period are included as income under the category of broking fees. Securities received and unclaimed after a five-year period are sold and included as income under the category of broking fees. During 2011, the amount of unclaimed cash and proceeds from the sale of unclaimed securities included in income was $Nil (2010 - $515).

Foreign Currency Transactions and Balances
The Company has adopted U.S. Dollars as its functional currency because the majority of the Company's transactions and assets under management are denominated in U.S. Dollars. Bermuda Dollars and Bahamian Dollars trade at par with the U.S. Dollar. Therefore, no foreign currency translation gains or losses are recorded in the accompanying consolidated financial statements. Foreign currency transaction gains or losses are recorded at the prevailing foreign exchange rates on the date of the transaction and are reflected in earnings for the year in the accompanying consolidated statement of operations.

Impairment of Long-Lived Assets
The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount the carrying value of the assets exceeds the fair value of the assets.

NOTE 2 - Summary of Significant Accounting Policies, continued

Securities Owned

Securities owned are investments such as bonds and equities that are both marketable and non-marketable. These investments consist of trading investments, securities received as income from corporate finance transactions, privately held securities, and other strategic investments. Realized and unrealized gains or losses for trading securities and strategic investments are reflected in earnings for the year and are reflected as net trading gains and losses in the consolidated statements of operations. Realized gains or losses are based on the average cost method of securities purchased and sold. Security transactions are recorded on a trade date basis. Marketable securities are valued at the last reported sales price on the principal market in which the investments trade on the date of valuation. Where there are no sales on that day, the mid-market prices are used. For securities with no readily available market price or where the security is restricted, the securities are recorded at the estimated fair value in accordance with U.S. GAAP. The use of different assumptions or valuation techniques could produce materially different estimates of fair value.

Investments Recorded Under the Equity Method

For investments in entities that do not constitute a Variable Interest Entity (“VIE”), or for investments in securities owned and held as trading investments which is held at fair value, the Company considers other U.S. GAAP, as required, in determining (i) consolidation of the entity if the Company’s ownership interests comprise a majority of its outstanding voting stock or otherwise control the entity, or (ii) application of the equity method of accounting if the Company does not have direct or indirect control of the entity, with the initial investment carried at cost and subsequently adjusted for the Company’s share of net income or loss and cash contributions and distributions to and from these entities.

If events or circumstances indicate that the fair value of an investment accounted for using the equity method has declined below its carrying value and the Company considers the decline to be "other than temporary," the investment is written down to fair value and an impairment loss is recognized. The evaluation of impairment for an investment would be based on a number of factors, including financial condition and operating results for the investment, inability to remain in compliance with provisions of any related debt agreements, and recognition of impairments by other investors. Impairment recognition would negatively impact the recorded value of the Company’s investment and reduce net income.

Stock-Based Compensation Plans

The Company accounts for stock-based compensation under the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, “Compensation – Stock Compensation,” which requires the recognition of the fair value of stock-based compensation. Under the fair value recognition provisions for ASC

NOTE 2 - Summary of Significant Accounting Policies, continued

Stock-Based Compensation Plans, continued

Topic 718, stock-based compensation is estimated at the grant date based on the fair value of the awards expected to vest and recognized as expense rateably over the requisite service period of the award. The Company uses the Black-Scholes valuation model to estimate fair value of stock-based awards, which requires various assumptions including estimating stock price volatility, forfeiture rates and expected life.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, securities owned, securities sold short, accounts payable and accrued liabilities. The book value of cash and cash equivalents, accounts receivable, and accounts payable is considered to be representative of their fair value because of their short term maturities.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents, employee loans, and securities owned. The Company has its cash and cash equivalents and securities placed with major international, financial institutions. As part of its cash management process, the Company performs continuous evaluation of the relative credit standing of these institutions.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from the other sources. The most significant estimates include estimates recorded for the fair market value of non-marketable investments, the estimated useful lives of fixed assets, certain accrued liabilities, and recognition of revenue. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

NOTE 2 - Summary of Significant Accounting Policies, continued

Reclassification
Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. This reclassification has no effect on previously reported net loss.

Net Loss Per Common Share
The Company calculates basic net loss per common share and diluted net loss per common share assuming dilution. Basic net loss per common share is calculated by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period, plus potential dilutive common shares. Options issued by the Company are considered potential dilutive common shares and are included in the calculation using the treasury stock method, unless their inclusion would be considered anti-dilutive. Securities that could potentially dilute basic net loss per common share in the future, that were not included in the computation of both the 2011 and 2010 diluted net loss per common share because to do so would have been anti-dilutive, consist of 1,275,000 options (2010 – 1,275,000) to purchase common stock. For the years ended December 31, 2011 and 2010, the weighted average common shares basic and diluted were the same.

Securities Sold Short
The Company may sell a security it does not own in anticipation of a decline in fair value of the security, or as a hedge against similar securities owned. When the Company sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. Obligations related to securities sold short are recorded as a liability at fair value. Realized and unrealized gains and losses are recorded in net trading (losses) gains on securities owned in the consolidated statements of operations. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in size, is recognized on a monthly basis.

Recently Issued Accounting Pronouncements
The Company does not believe any recently issued, but not yet effective accounting standards, if currently adopted, would have a material effect on the financial statements.

NOTE 3 - Securities Owned and Fair Value Measurements

Fair Value Measurements
ASC 820, "Fair Value Measurements and Disclosures," clarifies the definition of fair value, establishes a framework for measurement of fair value and expands disclosure about fair value measurements. Fair value is the price that would be received to sell an asset or paid to

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Fair Value Measurements, continued

transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 applies to all financial instruments that are measured and reported on a fair value basis.

The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established under ASC 820. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Observable inputs that reflect quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial assets and liabilities are measured at fair value on a recurring basis. Instruments that are classified within Level 1 of the fair value hierarchy generally include equity securities, mutual funds, commodities and future commodities contracts. Level 1 securities represents quoted market prices and do not require significant management judgment.

Instruments that are classified within Level 2 of the fair value hierarchy generally include equity securities in markets for which there are few transactions (non-active markets). The Company uses a market approach to value these securities which includes market prices corroborated on observable markets.

Instruments that are classified within Level 3 of the fair value hierarchy generally include equity securities in private companies which there are no markets. The Company uses both a market approach and income approach or a combination of the two approaches to determine the fair value of the Level 3 investments. The fair value determination for Level 3 financial instruments may include observable components such as actual trade data, benchmark yields of comparable companies and other similar data obtained from quoted market prices and other sources.

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Fair Value Measurements, continued
The following are the Company's major categories of assets and liabilities measured at fair value on a recurring basis at December 31, 2011 and 2010, categorized by the ASC 820 fair value hierarchy:

	Fair Value Measurements at December 31, 2011 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Equity Securities:				
Banking industry	$ 3,181	$ --	$ --	$ 3,181
Commercial services industry	--	20,565	--	20,565
Financial services industry	6,793	32,855	--	39,648
Investment exchange industry	--	--	1,031,553	1,031,553
Life insurance industry	--	179,493	--	179,493
Media industry	--	1,157,522	--	1,157,522
Mining industry	86,640	--	977,109	1,063,749
Real estate industry	--	41,098	--	41,098
Restaurant industry	--	110	--	110
Telecommunication industry	--	396	476	872
Other	38	8,659	--	8,697
Total Equity Securities	96,652	1,440,698	2,009,138	3,546,488
Mutual Funds:				
Exchange traded fund	10,235	--	--	10,235
Open-ended fund	--	166,758	--	166,758
Total Mutual Funds	10,235	166,758	--	176,993
Commodities:				
Gold	111,023	--	--	111,023
Derivatives:				
Commodity futures contract	1,448	--	--	1,448
Total Assets	$219,358	$1,607,456	$2,009,138	$3,835,952

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Fair Value Measurements, continued

	Fair Value Measurements at December 31, 2011 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities:				
Securities sold short:				
Financial services industry	$6,797	$ --	$ --	$6,797
Other securities sold short	--	20	--	20
Total Liabilities	$6,797	$ 20	$ --	$6,817

	Fair Value Measurements at December 31, 2010 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Equity Securities:				
Banking industry	$ 3,488	$ --	$ --	$ 3,488
Investment exchange industry	--	--	1,939,401	1,939,401
Life insurance industry	--	233,100	--	233,100
Media industry	--	1,347,219	--	1,347,219
Mining industry	182,393	30,461	133,982	346,836
Real estate industry	--	93,600	--	93,600
Restaurant industry	--	132	--	132
Telecommunication industry	--	420	--	420
Other	2,123	17,382	--	19,505
Total Equity Securities	$188,004	$1,722,314	$2,073,383	$3,983,701

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Fair Value Measurements, continued

Description	Fair Value Measurements at December 31, 2010 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds:				
Open-ended fund	$106,737	$ --	$ --	$ 106,737
Commodities:				
Gold	263,247	--	--	263,247
Total Assets	$557,988	$1,722,314	$2,073,383	$4,353,685
Liabilities:				
Unrealized loss on futures contracts	$4,412	$ --	$ --	$4,412
Total Liabilities	$4,412	$ --	$ --	$4,412

The following is a reconciliation of the beginning and ending balances for the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2011 and 2010:

Description	Privately Held Securities
Assets:	
Balance - January 1, 2011	$2,073,383
Purchases	397
Total loss, net included in net trading (losses) gains on securities owned in the consolidated statements of operations	(64,642)
Balance - December 31, 2011	$2,009,138
Change in unrealized gains and losses relating to investments still held at December 31, 2011 (included in the consolidated statements of operations)	$ (64,642)

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Description	Privately Held Securities
Assets:	
Balance - January 1, 2010	$2,614,950
Purchases	13,337
Sales	(44,522)
Total gains, net included in net trading (losses) gains on securities owned in the consolidated statements of operations	(510,382)
Balance - December 31, 2010	$2,073,383
Changes in unrealized gains and losses relating to investments still held at December 31, 2010 (included in the consolidated statements of operations)	$ (396,175)

Derivatives

The Company uses futures contracts to gain exposure, or hedge against, the change in value of certain commodities, specifically gold. As of December 31, 2011, the Company owned one derivative futures contract consisting of short gold mini futures (2010 – 5 contracts) which is designated as a fair value hedge against quantities of physical gold held in inventory by the Company. These derivatives are traded on recognized commodity exchanges and the Company executes the trades through a broker on a net margin basis. As of December 31, 2011 the underlying notional value of the one short contract, each representing 33.2 fine troy ounces of gold, amounted to $53,518 (2010 - $235,952) compared to a cost of $52,070 (2010 - $231,541) resulting in an unrealized gain of $1,448 (2010 – a loss of $4,412). Because the contracts are executed on a net margin basis, the Company recorded only the unrealized gain in the financial statements.

At December 31, 2011, the volume of the Company's derivative activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

	Short Exposure	
Primary Underlying Risk	Underlying Contract Size	Number of Contracts
Commodities:		
Short Gold Mini Futures	33.2 ounces of Fine Troy Gold	1

NOTE 3 - Securities Owned and Fair Value Measurements, continued

During the year ended December 31, 2011, the Company recorded realized gains of $87,263 (2010 – realized losses of $151,245) from derivative trades, hedging its physical gold held for resale to customers.

At December 31, 2011, the fair value amounts of derivative instruments included in the consolidated balance sheet, categorized by primary underlying risk, are as follows (in thousands):

Primary Underlying Risk	Derivative Assets	Derivative Liabilities	Location in the Consolidated Balance Sheets
Commodity price			
Future contract	$1,448	$ --	Securities owned, at fair value
	$1,448	$ --	

At December 31, 2010, the fair value amounts of derivative instruments included in the consolidated balance sheet, categorized by primary underlying risk, are as follows (in thousands):

Primary Underlying Risk	Derivative Assets	Derivative Liabilities	Location in the Consolidated Balance Sheets
Commodity price			
Future contract	$ --	$4,412	Unrealized loss on future contracts
	$ --	$4,412	

NOTE 4 - Equity Investment in Yorkstreet Holdings Limited

	2011	(Restated) 2010
Yorkstreet Holdings Limited (“YHL”)	$1,193,569	$1,131,585

The Company owns 127,750 (39.92%) ordinary shares of YHL, an affiliate, which is accounted for under the equity method. The Company’s Chair of the Board of Directors is the Chair of YHL’s Board of Directors and is involved in YHL’s operations. The Company also engages in certain transactions with YHL (see Note 10). YHL provides management services through its wholly owned subsidiaries. The Company’s share of the net income of YHL for the year ended December 31, 2011 was $164,184 (2010 - $113,231). The Company received a dividend in 2011 of $102,200 (2010 - $102,200) which was recorded as a reduction in the carrying value of the investment on the consolidated balance sheets.

During the year ended December 31, 2011, YHL discovered the need for a prior period adjustment related to unrecorded income from prior years. The opening balance sheet and statement of stockholders’ equity has been restated as a result of the prior period adjustment related to YHL.

(Expressed in U.S. Dollars)

NOTE 4 - Equity Investment in Yorkstreet Holdings Limited, continued

Components of net change in investments recorded under the equity method:

	2011	2010
Net income	$ 164,184	$ 113,231
Dividends received	(102,200)	(102,200)
Net change	$ 61,984	$ 11,031

The following is summarized financial information of Yorkstreet Holdings Limited:

	2011	(Restated) 2010
Current assets	$3,585,709	$3,276,351
Total assets	3,860,434	3,548,259
Current liabilities	998,071	840,396
Total liabilities	998,071	840,396
Total equity	2,862,363	2,707,863
Total revenues	2,474,914	2,236,771
Net income	410,500	283,645

NOTE 5 - Property and Equipment

Property and equipment consists of the following:

	2011	2010
Building	$ 8,559,374	$ 8,559,374
Freehold land	2,008,192	2,008,192
Computer hardware and software	1,451,884	1,972,001
Fixtures and fittings	532,233	527,824
Leasehold improvements	526,810	477,056
Machinery and equipment	449,526	438,293
	13,528,019	13,982,740
Accumulated depreciation and amortization	4,929,425	4,616,992
Property and equipment, net	$ 8,598,594	$ 9,365,748

NOTE 5 - Property and Equipment, continued

Depreciation expense for the year ended December 31, 2011 amounted to $312,433 (2010 - $393,096). Included in computer hardware and software at December 31, 2011 are assets which have not been placed in service in the amount of $435,518 (2010 - $1,045,316). Accordingly, no depreciation expense was recorded related to these assets for the years ended December 31, 2011 and 2010.

The Company was in the process of installing a new portfolio management system but the asset was never placed into service. Accordingly, no depreciation expense was recorded related to this computer software. During 2011, management determined that the computer software would never be placed in service for its intended use and abandoned the implementation of the computer software. For the year ended December 31, 2011, the Company recorded a loss on the disposal of the computer software of $750,581.

NOTE 6 - Common Stock and Additional Paid-in Capital

The Board of Directors has authorized the Company in 2011 to purchase up to $500,000 (2010 - $500,000) of its own shares from existing stockholders at no fixed price per share and that the shares purchased be retired. Such repurchase is subject to appropriate market conditions and repurchases will only be made in the best interest of the Company. During the year the Company repurchased 74,276 (2010 – 34,000) shares on the open market at a weighted average price of $3.02 (2010 - $3.19) per share, for cash. These shares were immediately retired upon purchase.

NOTE 7 - Stock-Based Compensation Plans

From time to time the Company may grant stock options to executive and management personnel at its discretion. A summary of the status of the plan as of December 31, 2011 and changes during the years then ended are presented below:

(Expressed in U.S. Dollars)

NOTE 7 - Stock-Based Compensation Plans, continued

Directors' and Executive Stock Option Plan

	2011			
	Number Of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contracted Terms (in years)	Aggregate Intrinsic Value
Outstanding – Beginning	1,275,000	$5.15	1.5 years	--
Granted	--	--		--
Exercised	--	--		--
Forfeited	--	--		--
Outstanding – Ending	1,275,000	$5.15	0.5 years	--
Exercisable	1,275,000	$5.15	0.5 years	--

On June 15, 2007, the Board of Directors granted and authorized the issuance of 1,375,000 stock options with an exercise price of $5.15 with an expiry date of June 14, 2012. The vesting period is 20% immediately and 20% annually on the anniversary date of the grants until fully vested. The fair value of shares vested during the years ended December 31, 2011 amounted to $9,036 (2010 - $9,745). There were no options granted during 2010 or 2011. As of December 31, 2011 there was no unrecognized compensation costs related to stock options granted.

Stock Based Compensation expense of $9,036 was recognized during the year ended December 31, 2011 (2010 - $9,745).

NOTE 8 - Loans Receivable for Issuance of Common Stock

As of December 31, 2011, loans receivable for issuance of common stock relating to previous stock option exercises amounted to $138,950 (2010 - $171,050). These loans were to be repaid over a five-year period ending November 20, 2011 this repayment date was extended to June 30, 2013. At December 31, 2011, common stock of the Company with a market value of $378,000 is held in two escrow accounts as collateral for the loans.

NOTE 9 - Assets Under Management

Cash, securities and properties held in the Company's role as custodian for customers are not included in the consolidated balance sheets as they are not the property of the Company. The Company is licensed by the Bermuda Monetary Authority under the Investment Business Act of 2003 and approved to hold client assets. The assets under management include LOM's investments, the LOM Sponsored Funds and the clients' investments which are included in the LOM Sponsored Funds. The fair value of assets under management as of December 31, 2011 is approximately $681 million (2010 - $876 million).

NOTE 10 - Related Party Transactions

During the year, the Company earned broking fee revenue from directors and employees of $34,459 (2010 - $31,059).

During the year, the Company had transactions with stockholders' who are also directors and employees of the Company. These transactions consisted of commission expenses of $840,004 (2010 - $684,938).

During 2011 the Company earned rent and service charge income of $243,800 (2010 - $243,800) from YHL. In addition, the Company earned $30,790 (2010 - $36,042) for information technology services, recorded in other income, of which $7,700 (2010 - $20,004) is still outstanding at year end.

During the year, the Company paid $38,484 (2010 - $53,231) for corporate services, recorded in professional fees, provided by Waterstreet Corporate Services, a subsidiary of YHL. However, $9,029 (2010 – $14,965) of this amount was paid for government annual fees.

The Company earned management fees during the year of $1,231,957 (2010 - $1,050,345) from the LOM Sponsored Funds, of which $Nil (2010 - $187,635) was included in other receivables at year end.

The Company is the custodian for the LOM Sponsored Funds and receives a custodial fee, recorded in administrative and custody fees, of $76,026 (2010 - $77,029) for these services.

The Company earned interest on a mortgage to an officer of the company of $Nil (2010 - $15,026) and is included in net interest income. This mortgage was paid in full on December 22, 2010.

NOTE 11 – Off-Balance Sheet and Other Risks

In the normal course of trading, the Company is party to certain financial instruments with off-balance sheet risk, where the risk of potential loss due to changes in the market ("market risk") or failure of the other party to the transaction to perform ("credit risk") exceeds the related amounts recorded. The Company attempts to manage these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

Credit Risk
The Company is potentially subject to credit risk associated with its cash and cash equivalents and securities owned. The Company's credit risk is equal to the replacement cost at the then-estimated fair value of the instrument, less recoveries. As the Company places its cash and cash equivalents and securities with major international high credit quality financial institutions, management believes that the risk of incurring losses with these financial instruments is remote and that such losses, if any, would not be material.

Liquidity Risk
The Company is potentially subject to liquidity risk with some of its non-marketable or illiquid securities owned. As a result, the Company may be unable to realize the full fair value of these securities since it may not be able to liquidate its positions in a timely manner.

Market Risk
The Company is subject to market risk with its securities owned. As a result of changes in market conditions, the values of these financial instruments will fluctuate.

NOTE 12 - Future Lease Payments

The Company leases office space under operating leases for certain of its overseas operations. The Company leases office space in the Bahamas. The terms of the lease agreement states the annual rent including operating costs from November 1, 2007 to October 31, 2010 is $58,702 per annum and from November 1, 2010 to October 31, 2012 is $61,000 per annum. Future annual minimum lease payments (excluding real estate taxes and maintenance costs) for the year ended December 31, 2012 are $50,834.

Operating lease rent expense (including real estate taxes and maintenance costs) were $66,002 (2010 – $63,792).

(Expressed in U.S. Dollars)

NOTE 13 - Income Taxes

The Company accounts for income taxes in accordance with ASC 740 "Income Taxes" ("ASC 740"). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company makes no provision for income taxes since under current legislation in the jurisdictions in which it operates, no income taxes are imposed upon the Company. In addition, the Company is not subject to, and does not anticipate becoming subject to, income taxes in any jurisdiction in which it currently operates, other than in the United Kingdom. LOM (UK) Limited is subject to income taxes.

A reconciliation of the statutory income tax rates applied to the Company's net income from LOM (UK) Limited for the years ended December 31, 2011 and 2010 is as follows:

Provision for income taxes consist of the following:

	2011	2010
Income tax benefit for foreign operations at statutory rate in effect of 26% (2010 - 28%)	$(1,844)	$(1,741)
Depreciation adjustment	(76)	98
Permanent differences	--	--
Income tax benefit	(1,920)	(1,643)
Less: increase in valuation allowance	(1,920)	(1,643)
Income Tax Expense (Benefit)	$ --	$ --

LOM (UK) Limited, has a deferred tax asset of approximately $162,009 (2010 – $166,126), arising predominantly from availability of net operating losses to be deducted from future taxable income. These losses are available indefinitely for offset against future income arising from the same business. The asset has not been recognized and a full valuation allowance is provided for as there is no certainty that sufficient profits will arise in future accounting periods.

The change in the valuation allowance for the deferred tax assets is summarized for the years ended December 31, 2011 and 2010 as follows:

(Expressed in U.S. Dollars)

NOTE 13 - Income Taxes, continued

	2011	2010
Balance – Beginning	$166,126	$169,516
Change in Balance	(4,117)	(3,390)
Balance – Ending	$162,009	$166,126

NOTE 14 - Commitments, Contingencies and Off-Balance Sheet Risk

Client Activities

In the normal course of business, the Company's client activities include execution, settlement, and financing of various client securities and commodities transactions. These activities may expose the Company to off-balance sheet risk in the event the client is unable to fulfill its contractual obligations and the Company has to sell the financial instrument underlying the contract at a loss. The Company attempts to mitigate this risk by adhering to strict policies requiring client acceptance procedures prior to the execution of any transactions.

The Company's client securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the client collateralized by cash and securities in the client's account. The Company seeks to control the risks associated with its client activities by requiring clients to maintain margin collateral in compliance with various regulatory, exchange, and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the clients to deposit additional collateral or reduce positions when necessary. Such transactions may expose the Company to significant off-balance sheet risk in the event the margin is not sufficient to fully cover losses which clients may incur. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell the collateral at prevailing market prices in order to fulfill the client's obligations.

The Company records client transactions on a transaction date basis, which is generally the day of the trade. The Company is therefore exposed to risk of loss on these transactions in the event of the client's or broker's inability to meet the terms of their contracts in which case the Company may have to purchase or sell financial instruments at prevailing market prices.

NOTE 14 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Counterparty Risk
In the event counterparties to the transactions do not fulfill their obligations, the Company may be exposed to significant credit risk to the extent such obligations are unsecured. The Company's policy is to monitor its market exposure and counterparty risk through the use of a variety of credit exposure reporting and control procedures.

Employment Contract Commitments
The Company remains liable for health insurance premiums related to a termination agreement signed on July 1, 2005 for one its directors and officers. The Company is liable for 50% of the premiums due for this individual and their family through June 30, 2015. The Company recorded under commission and expenses total expenses of $8,372 in 2011 (2010 - $10,936) as a result of the agreement.

Legal Proceedings
From time to time, the Company is involved in various legal proceedings, including arbitration proceedings, and/or regulatory inquiries that arise in the normal course of business. These matters generally relate to specific client accounts and/or transactions and may include requests for information on or from officers of the Company. In the opinion of management, the aggregate amount of any potential liability arising from such matters is not expected to have a material effect on the Company's financial position or results of operations. Management is unaware of any outstanding legal claims.

Regulatory Restrictions
The Company’s business operations are regulated under the laws of Bermuda and Bahamas, and other jurisdictions that the Company operates and has business relationships. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the non-compliant company. It could even lead to the suspension or disqualification of the Company officers or employees, or other adverse consequences. The imposition of such penalties or orders on the Company could in turn have a material adverse effect on the Company’s operating results and financial condition.

Futures Contracts
Futures contracts provide reduced counterparty risk to the Company since futures are exchange-traded; and the exchange’s clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default. For futures contracts where the

(Expressed in U.S. Dollars)

NOTE 14 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Futures Contracts, continued
Company takes a short position, a gain, limited to the original fair value of the contract, or a loss, unlimited in size, will be recognized upon the termination of the futures contract. Short futures contracts represent obligations of the Company to deliver specified securities or commodities at contracted prices and thereby create a liability to repurchase the securities or commodity in the market at prevailing prices. Accordingly, these transactions involve, to varying degrees, elements of market risk, as the Company's ultimate obligation to satisfy the sale of securities sold short may exceed the amount recognized in the consolidated balance sheets.

Minimum Net Asset Requirements
Certain subsidiaries of the Company are required to maintain a minimum net asset or regulatory capital amount to satisfy the domiciliary regulator. Those minimum amounts are as follows:

LOM Securities (Bermuda) Limited	$250,000
LOM Asset Management Limited	$250,000
Lines Overseas Management Limited	$250,000
LOM Securities (Bahamas) Limited	$300,000

The above subsidiaries were in compliance with the net asset requirements as of December 31, 2011 and 2010. LOM Securities (Bermuda) Limited, LOM Asset Management Limited, and Lines Overseas Management Limited are referred to as the "Bermuda regulated companies."

MF Global UK Limited
The Company previously maintained accounts with MF Global UK Limited ("MFG-UK"), a UK based broker-dealer, which provided execution and custody for all of the Company's futures and options business in addition to a minority of the Company's equities and foreign exchange business. As of October 31, 2011, the Company held approximately $5.1 million of client assets in accounts at MFG-UK. These assets consisted of both cash and securities. On October 31, 2011, MFG-UK's ultimate parent, MF Global Holdings (a United States Corporation domiciled in Delaware) declared bankruptcy. Special Administrators were appointed in the United Kingdom to manage the affairs of MFG-UK. The objectives of the UK administration are: (i) to ensure the return of client assets as soon as is reasonably practicable; (ii) to ensure the timely engagement with market infrastructure bodies and the authorities pursuant to regulation 13; and (iii) to either rescue the MFG-UK as a going concern or wind it up in the best interests of creditors.

NOTE 14 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

MF Global UK Limited, continued
On January 5, 2012, the Company filed appropriate claims with the Special Administrators of MFG-UK in the U.K and the United States Security Investors Protection Agency. As of the date of the accompanying financial statements, the Company has received no statements for its accounts with MFG-UK since October 31, 2011, nor had it received any distribution of assets. The Company believes that a portion of the client assets are, and may remain for some time, illiquid, but does not have sufficient information to estimate accurately how long such assets may be unavailable or the percentage of assets that may not be recovered, if any. Consequently, the Company is unable to estimate the impact this liquidation will have on the amount of client funds that will be recovered and the potential liability to customers for unrecovered funds.

NOTE 15 - Regulatory Matters

Settlement of Securities and Exchange Commission Action
On October 15, 2010, the Company announced that the U.S. District Court in New York had approved a settlement with the U.S. Securities and Exchange Commission (SEC) that resolved a civil enforcement action.

As part of the settlement agreement, LOMB, LOML and LOM Securities (Bahamas) Limited were required to engage an independent consultant who will monitor that they are compliant with the settlement with the SEC. Future required payments to be made to the consultant are approximately $40,000 in 2012.

NOTE 16 - Segment Information

The Company operates its business in segments which have been segregated based on products and services reflecting the way that management organizes the segments within the business for making operating decisions and assessing performance.

Measurement of Segment Income and Segment Assets
The Company evaluates each segment's performance based on its contribution to consolidated net income (loss). The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

NOTE 16 - Segment Information, continued

Factors Management Used to Identify the Company's Reportable Segment

Management monitors performance based on individual companies. The description of these companies is included in Note 1 to the consolidated financial statements. Intersegment revenue and expenses are allocated based on contractual terms that may not necessarily be at arm’s length.

Intersegment revenue relates to recharges from Holdings to all wholly-owned subsidiaries for information technology charges, administrative expenses and rent. These are charged at Holdings estimated current market prices. Revenues from segments below the quantitative thresholds for disclosure prescribed by accounting principles generally accepted in the United States of America are attributable to three operating segments and are aggregated and included in the other operating segment. These operating segments include LOM Services Limited (until its closure in 2010), LOM Capital Limited and LOM (UK) Limited.

NOTE 16 - Segment Information, continued

2011	Brokerage: LOM Securities (Bermuda) Limited	Brokerage: LOM Securities (Cayman) Limited	Brokerage: LOM Securities (Bahamas) Limited	LOM Asset Management Limited (Bermuda)	Lines Overseas Management Limited (Bermuda)	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other	Eliminations	Total
Revenues from external customers	$2,791,160	$299	$1,676,855	$1,719,174	$1,374,271	$ (6,631)	$ 728,353	$ 52,481	$ --	$ 8,335,962
Intersegment revenue	14,803	--	1,100	99,631	1,404,659	770,000	396,679	--	(2,686,872)	--
Total Revenue	$2,805,963	$299	$1,677,955	$1,818,805	$2,778,930	$763,369	$1,125,032	$ 52,481	$(2,686,872)	$8,335,962
Depreciation and amortization	$ --	$ --	$ 44,327	$ --	$ 23,932	$ --	$ 244,174	$ --	$ --	$ 312,433
Operating expenses	2,747,793	16,785	1,563,759	2,225,962	3,972,240	250,768	920,758	26,386	(1,916,872)	9,807,579
Segment income (loss)	58,170	(16,486)	114,196	(407,157)	(1,193,310)	512,601	204,274	26,095	(770,000)	(1,471,617)
Identifiable assets	1,548,450	17,085	433,329	720,240	1,964,117	19,964,250	8,122,204	854,875	(16,054,679)	17,569,871
Long-lived assets net of depreciation and amortization	--	--	41,853	--	481,128	--	8,075,613	--	--	8,598,594
Capital expenditures	--	--	15,891	--	218,554	--	61,415	--	--	295,860

NOTE 16 - Segment Information, continued

(Restated) 2010	Brokerage: LOM Securities (Bermuda) Limited	Brokerage: LOM Securities (Cayman) Limited	Brokerage: LOM Securities (Bahamas) Limited	LOM Asset Management Limited (Bermuda)	Lines Overseas Management Limited (Bermuda)	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other	Eliminations	Total
Revenues from external customers	$1,849,533	$187,315	$1,914,455	$1,584,655	$1,980,566	$176,826	$ 726,527	$ 405,557	$ --	$8,825,434
Intersegment revenue	--	--	--	120,983	1,425,069	250,000	396,679	628,269	(2,821,000)	--
Total Revenue	$1,849,533	$187,315	$1,914,455	$1,705,638	$3,405,635	$426,826	$1,123,206	$1,033,826	$(2,821,000)	$8,825,434
Depreciation and amortization	$ --	$ 2,774	$ 44,366	$ --	$ 26,452	$ --	$ 260,733	$ 58,771	$ --	$ 393,096
Operating expenses	2,297,997	280,915	1,593,025	1,434,713	3,625,267	637,231	823,338	993,836	(2,571,000)	9,115,322
Segment (loss) income	(448,464)	(93,600)	321,430	270,925	(219,632)	(210,405)	299,868	39,990	(250,000)	(289,888)
Identifiable assets	1,086,915	28,643	318,258	1,340,539	3,137,506	19,762,582	8,416,722	1,639,579	(16,378,323)	19,352,421
Long-lived assets net of depreciation and amortization	--	--	70,289	750,581	286,505	--	8,258,373	--	--	9,365,748
Capital expenditures	--	--	3,516	750,581	312,957	--	44,067	6,571	(795,102)	322,590

NOTE 16 - Segment Information, continued

Geographic Split

2011	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$6,658,808	$299	$1,676,855	$8,335,962
Long lived assets - property and equipment	8,556,741	--	41,853	8,598,594

2010	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$6,723,664	$187,315	$1,914,455	$8,825,434
Long lived assets - property and equipment	9,295,459	--	70,289	9,365,748

Geographic split is disclosed by location of business.

NOTE 17 - Supplementary Information - Five Year Comparison Table

Income Statement Data – For the Year Ended December 31,

	2011	2010	2009	2008	2007
Net interest income	$ 757,452	$ 707,755	$ 631,373	$ 1,239,978	$ 1,876,783
Fees and other income	7,578,510	8,117,679	7,383,116	7,546,866	14,648,136
Operating expenses	(9,807,579)	(9,115,322)	(8,454,264)	(9,552,358)	(14,046,601)
Net (loss) income	$ (1,471,617)	$ (289,888)	$ (439,775)	$ (765,514)	$ 2,478,318

NOTE 17 - Supplementary Information - Five Year Comparison Table, continued

Balance Sheet Data – As of December 31,

	2011	(Restated) 2010	(Restated) 2009	2008	2007
Cash and cash equivalents	$ 3,548,865	$ 3,795,209	$ 4,276,008	$ 3,409,556	$ 8,410,832
Securities owned, at fair value	3,835,952	4,353,685	4,953,207	4,979,635	4,889,451
Property and equipment, net	8,598,594	9,365,748	9,447,224	9,709,480	9,345,224
Total assets	17,569,871	19,352,421	21,374,241	21,833,802	25,831,639
Stockholders' equity	16,867,910	18,584,208	19,033,826	19,498,393	21,879,946
Directors and Executives Shareholdings (in numbers of shares owned)	4,102,896	3,586,996	3,465,496	3,515,096	3,554,596

Financial Ratios – As of December 31,

	2011	(Restated) 2010	(Restated) 2009	2008	2007
Liabilities-equity ratio	4.2%	4.1%	12.3%	12.0%	18.1%
Return on equity	(8.8)	(1.6)	(2.3)	(3.9)	11.3
Return on assets	(8.4)	(1.5)	(2.1)	(3.5)	9.6

NOTE 18 - Subsequent Events

Management has evaluated subsequent events from the balance sheet date through April 23, 2012, which is the date the financial statements were available to be issued. The Company is not aware of any subsequent events which will require recognition or disclosure in the consolidated financial statements.