LINES OVERSEAS MANAGEMENT LIMITED
(INCORPORATED IN BERMUDA)

FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)

For the Years Ended December 31, 2010 and 2009

LINES OVERSEAS MANAGEMENT LIMITED

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lines Overseas Management Limited

We have audited the accompanying balance sheets of Lines Overseas Management Limited as of December 31, 2010 and 2009, and the related statements of operations, changes in stockholder's 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 audits.

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 Lines Overseas Management Limited as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

Melville, NY
April 27, 2011

MARCUMGROUP MEMBER

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LINES OVERSEAS MANAGEMENT LIMITED

BALANCE SHEETS
(Expressed in U.S. Dollars)

December 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	$ 294,153	$ 960,497
Securities owned		
(cost: 2010 - $313,758, 2009 - $313,618)	1,956,528	2,106,294
Other receivable	172,959	150,399
Due from related parties	20,004	--
Due from affiliates	278,266	445,700
Prepaid expenses	129,091	37,732
Property and equipment, net	286,505	734,191
TOTAL ASSETS	$3,137,506	$4,434,813

LIABILITIES AND STOCKHOLDER'S EQUITY

	2010	2009
LIABILITIES		
Due to affiliates	$ 60,756	$ 309,573
Accrued liabilities	302,936	341,559
Accrued legal fees and litigation expenses	--	1,172,671
TOTAL LIABILITIES	363,692	1,823,803
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER'S EQUITY		
Common stock, par value $0.10; 10,000,000 shares authorized; 4,527,000 issued and outstanding	452,700	452,700
Additional paid-in capital	1,597,550	1,597,550
Retained earnings	723,564	560,760
TOTAL STOCKHOLDER'S EQUITY	2,773,814	2,611,010
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$3,137,506	$4,434,813

Approved by the Board of Directors:

________________________ Director

________________________ Director

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

LINES OVERSEAS MANAGEMENT LIMITED

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

For the Years Ended December 31, 2010 and 2009

	2010	2009
REVENUES		
Net interest income, net of interest expense of $168,098 in 2010 and $84,079 in 2009	$ 656,599	$ 609,003
Foreign exchange income, net	1,016,469	526,288
Broking fee income	190,118	294,293
Net trading (losses) gains on securities	(61,256)	21,097
Other income	101,607	99,842
Administration and custody fees	77,029	82,470
TOTAL REVENUES	1,980,566	1,632,993
OPERATING EXPENSES		
Employee compensation and benefits	1,407,812	1,367,609
Jitney fees	517,614	577,253
Custodial charges	522,873	404,905
Computer and information services	145,980	103,159
Professional fees	64,654	91,258
Insurance	75,323	76,120
Administration	82,464	19,220
Depreciation and amortization of property and equipment	26,452	--
Net foreign exchange transaction losses (gains)	39,190	(9,214)
TOTAL OPERATING EXPENSES BEFORE EXPENSES ALLOCATED TO OTHER GROUP COMPANIES	2,882,362	2,630,310
NET EXPENSES ALLOCATED TO OTHER GROUP COMPANIES	(682,164)	(650,859)
TOTAL OPERATING EXPENSES	2,200,198	1,979,451
NET LOSS	$ (219,632)	$ (346,458)

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

LINES OVERSEAS MANAGEMENT LIMITED

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

For the Years Ended December 31, 2010 and 2009

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total
BALANCE – January 1, 2009	4,527,000	$ 452,700	$1,597,550	$ 907,218	$2,957,468
Net income	--	--	--	(346,458)	(346,458)
BALANCE – December 31, 2009	4,527,000	452,700	1,597,550	560,760	2,611,010
Net effect of prior period adjustment (see Note 1)	--	--	--	382,436	382,436
Net loss	--	--	--	(219,632)	(219,632)
BALANCE – December 31, 2010	4,527,000	$ 452,700	$1,597,550	$ 723,564	$2,773,814

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

LINES OVERSEAS MANAGEMENT LIMITED

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

For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (219,632)	$ (346,458)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation expense	26,452	--
Net foreign exchange transaction losses (gains)	39,190	(9,214)
Net trading (gains) losses on securities	61,256	(21,097)
Net effect of prior period adjustment (see Note 1)	382,436	--
Changes in operating assets and liabilities:		
Other receivable	(22,560)	8,151
Due from related parties	(20,004)	--
Due from affiliates, net	(81,383)	503,596
Prepaid expenses	(91,359)	585
Securities owned, net	49,320	25,196
Accrued liabilities	(38,623)	(14,709)
Accrued legal fees and litigation expenses	(1,172,671)	(44,820)
TOTAL ADJUSTMENTS	(867,946)	447,688
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,087,578)	101,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of computer software	734,191	--
Purchase of computer software	(312,957)	(103,437)
Restricted cash	--	135,626
NET CASH PROVIDED BY INVESTING ACTIVITIES	421,234	32,189
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(666,344)	133,419
CASH AND CASH EQUIVALENTS – Beginning	960,497	827,078
CASH AND CASH EQUIVALENTS – Ending	$ 294,153	$ 960,497
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$168,098	$84,079

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

NOTE 1 - Nature of Business

Lines Overseas Management Limited (the "Company" or "LOML") was incorporated on December 31, 1992 under the laws of Bermuda and is regulated under the Investment Business Act (2003) of Bermuda. The Company provides custody, settlement, execution and administrative services to other companies in the LOM Group of Companies.

The Company is a wholly-owned subsidiary of LOM (Holdings) Limited ("LOMH"), a company incorporated in Bermuda. LOMH and subsidiaries are collectively referred to as the LOM Group of Companies. The following affiliates are wholly-owned subsidiaries of LOMH that provide the Company various services, principally at LOMH's Bermuda headquarters.

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

Prior Period Adjustment
As described in Note 10, the Company has been the subject of a regulatory investigation since 2003, which was settled in 2010. Upon review of the total legal fees and settlement expenses incurred since 2003, management determined that certain expenses, incurred in previous years, should have been re-charged to affiliates. Consequently, a prior period adjustment of $382,436 was recorded in 2010 to reflect the prior period expenses recovered by the Company from several of its affiliates.

Dissolution of Subsidiary
During 2010, the Company purchased the assets and assumed the liabilities of LOM Services Limited, a wholly-owned subsidiary of Holdings. Expenses incurred to wind up the affairs of the subsidiary amounted to $43,645 and are reflected in administration expenses.

NOTE 2 - Significant Accounting Policies

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

Revenue Recognition
The Company earns custodial fees, which are recorded on an accrual basis, based on the daily net assets of the following funds (collectively referred to as the "LOM Sponsored Funds"):

NOTE 2 - Significant Accounting Policies, continued

- LOM Money Market Fund Limited
- LOM Fixed Income Fund Limited
- LOM Global Equity Fund Limited
- LOM Balanced Fund Limited
- LOM Commodity Fund

Broking Fee Income and Jitney Fees
Broking fee income represents amounts charged to clients and the LOM Sponsored Funds 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.

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.

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 and custodians. Interest income for 2010 amounted to $824,697 (2009 - $693,082). Interest expense for 2010 amounted to $168,098 (2009 - $84,079).

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.

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. 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 over the assets remaining useful life.

NOTE 2 - Significant Accounting Policies, continued

Property and Equipment, continued
Depreciation is 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 are removed from this account and the result of gain or loss, if any, is reflected in earnings. The useful lives are as follows:

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 has been 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.

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 2010 the amount of unclaimed cash and proceeds from the sale of unclaimed securities included in broking fees was $515 (2009 - $9,370).

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 trade at par with the U.S. Dollar. Therefore, no foreign currency translation gains or losses are recorded in the accompanying 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 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.

(Expressed in U.S. Dollars)

NOTE 2 - 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 and as determined by management and the Board of Directors, generally by reference to market prices and other analytics for securities traded in ready markets for similar companies. For privately held securities, the Company records the investment at cost until a different valuation can be substantiated based on available data. The use of different assumptions or valuation techniques could produce materially different estimates of fair value. Non-marketable equity securities consist of privately held securities of $1,939,401 which were valued by management as of December 31, 2010 (2009 - $2,106,294) (see Note 3, Fair Value Measurements).

Expenses Allocated to Other Group Companies

The Company charges affiliates fees for services provided. These services include the following:

Execution and settlement fees are for charges based on transactions processed.

Administration costs are charges for compliance, finance and human resource services and other support services and are charged pro-rata based on percentage of use.

Net Expenses allocated to other group companies consist of the following:

	2010	2009
Expenses allocated to other groups		
Trade execution fees	$ 394,157	$ 335,413
Finance fees	483,466	560,000
Compliance fees	153,450	197,500
Support services	11,280	--
Information technology fees	119,397	--
Trade settlement fees	263,319	328,797
	$1,425,069	$1,421,710

(Expressed in U.S. Dollars)

NOTE 2 - Significant Accounting Policies, continued

Expenses Allocated to Other Group Companies, continued

	2010	2008
Head office recharges:		
Finance fees	$202,176	$209,664
Support services	28,800	31,725
Information technology services	293,851	336,088
Rent and property services	182,078	153,874
Compliance fees	36,000	39,500
	742,905	770,851
Net Expenses allocated to LOM Group Companies	$682,164	$650,859

Fair Value of Financial Instruments
The Company's financial instruments consist primarily of cash and cash equivalents and accrued liabilities. The book value of cash and cash equivalents and accrued liabilities is considered to be representative of their fair value because of their short term maturities.

Fair Value Measurements
Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" as codified in ASC Topic 820 "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 applies to all assets and liabilities that are measured and reported on a fair value basis (see Note 3).

Concentration of Credit Risk
Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents 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.

NOTE 2 - Significant Accounting Policies, continued

Use of Estimates

The preparation of 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 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 legal fees and litigation expenses, fair value of non-marketable investments, certain accrued expenses, 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.

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 in the statement 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. Since the Company did not hold a significant portfolio of securities sold short, the amounts are included in accounts payable and accrued expenses due to their materiality.

Recently Issued Accounting Pronouncements

The FASB has issued ASU 2010-29, “Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations.” This amendment affects any public entity as defined by Topic 805, Business Combinations that enters into business combinations that are material on an individual or aggregate basis. The comparative financial statements should present and disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. It is not expected that the adoption of this standard will not have an impact on the Company’s consolidated financial position and results of operations.

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements

Securities owned consist of the following:

	2010	2009
Marketable Securities:		
Equities	$ 17,127	$ 9,644
Privately Held Securities:		
Equities	1,939,401	2,096,650
	$1,956,528	$2,106,294

Included in privately held securities is the Company's investment in the Bermuda Stock Exchange ("BSX") which amounts to approximately 19% of the outstanding shares valued at approximately $1,939,401 as of December 31, 2010 (2009 - $2,096,650). The stock of the BSX is not traded in an active market and management has estimated the fair value by using a combination of price to earnings ratio and sales multiple of comparable securities exchanges as well as other factors.

Fair Value Measurements
In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" as codified in ASC 820. ASC 820 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 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.

Where available, fair value is based on observable market prices or is derived from such prices. In instances where valuation models are applied, inputs are correlated to a market value, combinations of market values or the Company's proprietary data. The Company primarily uses the market approach to estimate fair value.

Market Approach
The market approach uses prices and other pertinent information generated from market transactions involving identical or comparable assets or liabilities. Valuation techniques consistent with the market approach often use market multiples derived from a set of comparables or may include matrix pricing.

Income Approach
The income approach uses valuation techniques to convert future values (i.e. cash flows, or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value computations, option pricing models and a binomial model.

In following these approaches, the types of factors the Company may take into account in estimating fair value include: available current market data, including relevant and applicable market quotes, yields and multiples, quotations received from counterparties, brokers or dealers when considered reliable, subsequent rounds of financing, recapitalizations and other recent transactions in the same or similar instruments, restrictions on disposition, the entity's current or projected earnings and discounted cash flows, the market in which the entity does business, comparisons of financial ratios of peer companies that are public, merger and acquisitions comparables and the principal market and enterprise values, among other factors.

Based on these approaches, the Company will use certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Company aims to use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses valuation techniques it believes is most appropriate to estimate the fair value of its portfolio investments; however, considerable judgment is required in interpreting market data to develop the estimates of fair value. There are inherent limitations in any estimation technique.

For investments in publicly held securities that trade on exchanges, the Company generally uses the market approach, except when circumstances, in the estimation of the Company, warrant consideration of other data such as current market prices for similar securities in cases where current market data is not available or unreliable. Many of the securities held are in small cap companies and are highly volatile with thinly traded daily volumes. Sudden sharp declines in the market value of such securities can result in very illiquid markets. Management and the directors have taken all of these factors into account, including the fact that some securities it holds are currently restricted as to sale, in arriving at their best estimate of the fair value of the securities. For privately held investments that do not trade on exchanges, the Company records the investment at cost until other information such as financial ratios, benchmarks, or recent rounds of financing substantiates a different valuation in accordance with U.S. GAAP.

The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange and here can be no assurance that the fair values for these investments will be fully realizable upon their ultimate disposition or reflective of future fair values. Because of the inherent uncertainty of valuation, the estimated fair values of certain portfolio investments may differ significantly from values that would have been used had an observable market for the portfolio investment existed, and the differences could be material.

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Based on the inputs used in the valuation techniques described above, financial instruments are categorized according to the fair value hierarchy prescribed by ASC 820. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. 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. The types of investments in Level 1 include listed equities and monetary gold.

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. Investments in this category include less liquid and restricted equity securities and securities in markets for which there are few transactions (non-active markets).

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. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Investments in this category include investments in private companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the assignment of the asset within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset.

When determination is made to classify a financial instrument within Level 3, the determination is based upon the lack of significance of the observable parameters to the overall fair value measurement. However, the fair value determination for Level 3 financial instruments may include observable components. The following are the Company's major categories of assets measured at fair value on a recurring basis at December 31, 2010 and December 31, 2009, categorized by the above ASC 820 fair value hierarchy:

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

	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:				
Marketable securities	$ 98	$17,029	$ --	$ 17,127
Privately held securities	--	--	1,939,401	1,939,401
Total Assets	$ 98	$17,029	$1,939,401	$1,956,528

	Fair Value Measurements at December 31, 2009 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:				
Marketable securities	$ --	$9,644	$ --	$ 9,644
Privately held securities	--	--	2,096,650	2,096,650
Total Assets	$ --	$9,644	$2,096,650	$2,106,294

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, 2010 and December 31, 2009:

Description	Privately Held Securities
Assets:	
Balance, January 1, 2010	$2,096,650
Change in unrealized gains, net included in earnings	(157,249)
Balance, December 31, 2010	$1,939,401
Changes in unrealized gains relating to investments still held at December 31, 2010	$ (157,249)

(Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

There were no purchases, sales, or changes in value for assets measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31, 2010 and 2009

NOTE 4 – Property and Equipment

Property and equipment consists of the following:

	2010	2009
Computer hardware and software	$1,143,662	$734,191
Machinery and equipment	92,185	--
	1,235,847	734,191
Accumulated depreciation	949,342	--
Net Carrying Amount	$ 286,505	$734,191

Depreciation expense for the year ended December 31, 2010 amounted to $26,452 (2009 - $--). Included in computer hardware and software at December 31, 2010 are assets which have not been placed in service in the amount of $250,667 (2009 - $734,191). Accordingly, no depreciation expense was recorded related to these assets for the years ended December 31, 2010 and 2009. During the year ended December 31, 2010, the Company sold computer software to LOM Asset Management Limited in the amount of $734,191. The Company recorded no depreciation expense on the computer software because it was not placed into service. The purchase price is equal to the Company's cost. Accordingly, no gain or loss was recognized on this transaction.

NOTE 5 - Assets Under Administration

Cash, securities and properties held in the Company's role as custodian for customers are not included in the balance sheet 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 administration include both the LOM Sponsored Funds and the clients' investments, which are included in the LOM Sponsored Funds. The fair value of assets under administration as of December 31, 2010 is approximately $876 million (2009 - $796 million).

NOTE 6 - Related Party Transactions

The Company charged to affiliates fees of $657,476 (2009 - $664,210) for execution and settlement and $767,593 (2009 - $757,500) for finance, human resource, IT and compliance costs.

The Company paid LOM Properties Limited fees of $182,078 (2009 - $153,874) for the rental of fully furnished office space.

The Company paid LOM Services Limited fees of $241,251 (2009 - $367,813) for information technology support and client support services. These services were taken over by the Company effective October 1, 2010.

Amounts due from/to affiliates are non-interest bearing and have no fixed repayment terms.

During the year, the Company earned broking fee revenue from directors and employees of the Company of approximately $31,059 (2009 - $44,608).

The Company is the custodian for the LOM Sponsored Funds.

The transactions described above are based on contractually agreed upon terms that may not be at arms-length.

NOTE 7 – 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. See Note 9 for client related off-balance sheet risks.

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.

NOTE 7 – Off-Balance Sheet and Other Risks, continued

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.

Currency Risk
The Company holds positions that are exposed to changes in foreign exchange rates (currency risk) which gains or losses may exceed the related amounts recorded. The fair value may change based on the fluctuations in the value of these underlying currencies.

NOTE 8 - Income Taxes

The Company makes no provision for income taxes because 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. Accordingly, no reserves for uncertain income tax positions were required under U.S. GAAP including penalties, interest or tax related to uncertain tax positions.

NOTE 9 - 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. 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, which is collateralized by cash and securities in the client's account. The Company seeks to control the risks

NOTE 9 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Client Activities, continued
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.

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.

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 strictly regulated under the laws of Bermuda. 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 a non-compliant company. It could even lead to the suspension or disqualification of the

NOTE 9 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Regulatory Restrictions, continued
Company's 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. The Company is required to maintain a minimum net asset or regulatory capital amount to satisfy the domiciliary regulator. The minimum amount for the Company is $250,000. The Company was in compliance for the years ending December 31, 2010 and 2009.

NOTE 10 – 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, on consent, a settlement with the U.S. Securities and Exchange Commission (SEC) that resolved a civil enforcement action, commenced as an informal investigation in 2003, involving alleged improprieties with trades of Sedona Software Solutions Inc. and SHEP Technologies Inc. in 2002 and 2003.

As part of the settlement agreement, LOMH was dismissed entirely from the proceedings. Without admitting or denying any allegations in the SEC complaint, and without any adjudication of fact of law, five LOM Group Subsidiaries and Scott Lines, the Company's CEO, entered into settlements with regard only to the charges of negligence, and agreed to be enjoined from future violations of certain United States securities laws and Sec rules. Charges of scienter fraud were dripped altogether as part of the settlement.

The settlement required the LOM Group Subsidiaries to:

- Pay a civil monetary penalty of $450,000
- Not open or maintain accounts for U.S. customers for two years (LOM ceased accepting new accounts for U.S. residents in 2001)
- Not trade in "penny stock" securities on the U.S. OTC-Bulletin Board or Pink Sheet markets for two years. (LOM's dealing in the two U.S. markets was substantially curtailed to a negligible amount in 2005, following an internal policy change).
- Engage an independent consultant who will monitor that the Company is in compliance with the settlement

NOTE 10 – Regulatory Matters, continued

Settlement of Securities and Exchange Commission Action, continued
Scott Lines was also required to disgorge certain funds as part of the settlement agreement, none of these funds were paid by the Company or any of the LOM Group Subsidiaries included in the action. LOM Group Subsidiaries included in the settlement were the Company, LOM Capital Limited, LOM Securities (Bermuda) Limited, LOM Securities (Bahamas) Limited and LOM Securities (Cayman) Limited.

NOTE 11 – Subsequent Events

Management has evaluated subsequent events from the balance sheet date through April 27, 2011, the date these financial statements were available for issue, the Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.