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**LOM FINANCIAL LIMITED
(formerly LOM (HOLDINGS) LIMITED)**

**Consolidated Financial Statements and
Independent Auditors' Report**

**For the years ended December 31, 2014
and 2013**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of LOM Financial Limited

We have audited the accompanying consolidated financial statements of LOM Financial Limited (formerly LOM (Holdings) Limited) and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LOM Financial Limited and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the five year comparison table in Note 15 is presented for the purpose of additional analysis and is not a required part of the financial statements. This supplementary information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte Ltd.

April 21, 2015

LOM FINANCIAL LIMITED
CONSOLIDATED BALANCE SHEETS
as of December 31, 2014 and 2013
(expressed in U.S. Dollars)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 3,720,449	\$ 3,521,800
Securities owned, at fair value (cost: 2014 - \$2,916,923, 2013 - \$2,958,664) (Note 3)	3,402,616	3,260,391
Accounts receivable	540,044	535,661
Due from related parties	27,024	8,705
Prepaid expenses and other assets	251,167	223,029
Equity investment in affiliate (Note 4)	1,276,501	1,259,215
Property and equipment, net (Note 5)	7,807,175	8,088,787
TOTAL ASSETS	\$ 17,024,976	\$ 16,897,588
LIABILITIES		
Accounts payable and accrued liabilities	\$ 603,063	\$ 735,291
TOTAL LIABILITIES	603,063	735,291
SHAREHOLDERS' EQUITY		
Common shares, par value \$0.10 per share; 20,000,000 shares authorized, and 6,059,370 (2013 - 6,101,870) shares issued and outstanding (Note 6)	605,937	610,187
Additional paid-in capital	3,096,047	3,185,422
Loans receivable for issuance of common shares (Note 7)	(92,600)	(138,950)
Retained earnings	12,812,529	12,505,638
TOTAL SHAREHOLDERS' EQUITY	16,421,913	16,162,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 17,024,976	\$ 16,897,588

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

Approved by the Board of Directors:

Director

Director

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2014 and 2013
(expresses in U.S. Dollars)

	2014	2013
REVENUES		
Broking fee income	\$ 2,635,432	\$ 2,346,058
Management and investment advisory fees including related party management fees of \$1,415,529 (2013 - \$1,505,122)	2,513,812	2,501,169
Net interest income, net of interest expense of \$391,457 (2013- \$241,135)	716,220	481,784
Rental income, including related party rent of \$243,800 (2013- \$243,800)	708,720	712,074
Other income	115,771	324,722
Income from equity investment in affiliate	113,098	126,590
Foreign exchange income, net	214,620	422,242
Net trading gain / loss on securities owned	168,366	185,855
Corporate finance income	134,539	118,109
Administration and custody fees	64,571	73,917
TOTAL REVENUES	<u>7,385,149</u>	<u>7,292,520</u>
OPERATING EXPENSES		
Employee compensation and benefits	2,632,937	2,574,262
Commissions and referral fees	1,832,060	1,814,004
Computer and information services	474,469	453,774
Depreciation of property and equipment (Note 5)	401,755	396,357
Jitney fees	226,513	250,414
Professional fees	371,120	440,424
Occupancy	562,568	568,783
Administration	153,830	178,316
Insurance	136,260	156,987
Custodial charges	225,369	226,971
Net foreign exchange transaction losses	61,377	51,944
TOTAL OPERATING EXPENSES	<u>7,078,258</u>	<u>7,112,236</u>
NET INCOME / (LOSS)	<u>\$ 306,891</u>	<u>\$ 180,284</u>
NET INCOME / (LOSS) PER COMMON SHARE		
Basic and diluted	<u>\$ 0.05</u>	<u>\$ 0.03</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and diluted	<u>6,080,542</u>	<u>6,115,375</u>

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

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the years ended December 31, 2014 and 2013
(expressed in U.S. Dollars)

	Common Shares	Share Capital	Additional Paid-in Capital	Loans Receivable for Issuance of Common shares	Retained Earnings	Total
BALANCE – January 1, 2013	6,143,074	\$ 614,307	\$ 3,277,496	\$ (138,950)	\$ 12,325,354	\$ 16,078,207
Net income	-	-	-	-	180,284	180,284
Repurchase and retirement of common shares	(41,204)	(4,120)	(92,074)	-	-	(96,194)
BALANCE – December 31, 2013	6,101,870	610,187	3,185,422	(138,950)	12,505,638	16,162,297
Net income	-	-	-	-	306,891	306,891
Repurchase and retirement of common shares	(42,500)	(4,250)	(89,375)	-	-	(93,625)
Loans receivable	-	-	-	46,350	-	46,350
BALANCE – December 31, 2014	6,059,370	\$ 605,937	\$ 3,096,047	\$ (92,600)	\$ 12,812,529	\$ 16,421,913

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

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2014 and 2013
(expresses in U.S. Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 306,891	\$ 180,284
Adjustments to reconcile net income / (loss) to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	401,755	396,357
Income from equity investment in affiliate	(113,098)	(126,590)
Dividends received from equity investment in affiliate	95,812	95,813
Net trading gain on securities	(168,366)	(185,855)
Changes in operating assets and liabilities:		
Securities owned, net	26,141	1,505,437
Accounts receivable	(4,383)	32,092
Due from related parties	(18,319)	1,176
Prepaid expenses and other assets	(28,138)	(37,436)
Accounts payable and accrued liabilities	(132,228)	(45,226)
Securities sold short	-	(1,423,098)
Total adjustments	59,176	212,670
NET CASH PROVIDED BY OPERATING ACTIVITIES	366,067	392,954
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(120,143)	(82,913)
NET CASH USED IN INVESTING ACTIVITIES	(120,143)	(82,913)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of common shares	(93,625)	(96,194)
Loans receivable for issuance of common shares (Note 7)	46,350	-
NET CASH USED IN FINANCING ACTIVITIES	(47,275)	(96,194)
NET INCREASE IN CASH AND CASH EQUIVALENTS	198,649	213,847
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,521,800	3,307,953
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,720,449	\$ 3,521,800
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 391,457	\$ 241,135

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

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

1. DESCRIPTION OF BUSINESS

LOM Financial Limited, a holding company for several wholly owned subsidiaries, was incorporated on May 1, 1996 under the laws of Bermuda. On July 30, 2014, the Company changed its name from LOM (Holdings) Limited to LOM Financial Limited ("LOMFL"). The common shares of LOMFL are publicly traded and listed on the Bermuda Stock Exchange. LOMFL, collectively, with its subsidiaries, is referred to as the "Company" or the "LOM Group of Companies."

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

LOM Stockbrokers Ltd was incorporated in 1998 to provide investment and financial advice, brokerage services and discretionary investment management services. On February 21, 2014, LOM Securities (Bermuda) Limited changed its name to LOM Stockbrokers Ltd ("LOMS"). LOMS is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

LOM Stockbrokers International Ltd was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Securities Commission of the Bahamas. On February 21, 2014, the Company changed its name from LOM Securities (Bahamas) Limited to LOM Stockbrokers International Ltd ("LOMSI"). LOMSI 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.

Global Custody & Clearing Limited ("GCCL") 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. GCCL operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

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

LOM Corporate Finance Ltd. was incorporated in 1998 to offer services to source, value, document and close capital investments in growing companies. On February 21, 2014, the Company changed its name from LOM Capital Limited to LOM Corporate Finance Ltd ("LOMCF"). LOMCF is domiciled and operates in Bermuda.

Donald & Co. Limited, a Bermuda company, was incorporated in 2013 to perform nominee services.

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

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

1. DESCRIPTION OF BUSINESS (Cont'd)

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 IT and Finance services to the LOM Group of Companies.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

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

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
 - a. LOM Money Market Fund (USD, CAD, GBP)
 - b. LOM Fixed Income Fund (USD, EUR)
 - c. LOM Equity Growth Fund
 - d. LOM Balanced Fund
 - e. LOM Stable Income Fund
- LOM Commodities Fund Limited

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Exchange Income, net

Foreign exchange income represents income earned from foreign currency transactions facilitated for customers and are 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 the underwriting of securities, generally for privately held companies, and is received in the form of cash, securities or warrants from its underlying investments. 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.

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 during 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 9).

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 9).

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 asset's remaining useful life.

Depreciation is recorded 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 of an asset, the related cost and accumulated depreciation are removed and the resultant gain or loss, if any, is reflected in earnings. The useful lives of the Company's assets are as follows:

Building	40 years
Computer hardware and software	3 - 5 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 other income. Securities received and unclaimed after a five-year period are sold and included as income under the category of other income. During 2014, the amount of unclaimed cash and proceeds from the sale of unclaimed securities was \$32,189 (2013 - \$Nil).

Foreign Currency Transactions and Balances

The Company has adopted U.S. Dollars as its functional currency for the Company and all subsidiaries (including LOM (UK) Limited) 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.

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 on trading securities and strategic investments are reflected in earnings 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. These securities have been valued with reference to observable and unobservable inputs or valuation models that make use of certain quantitative and qualitative inputs for similar securities traded in active markets, in accordance with U.S. GAAP (see Note 3, Fair Value Measurements).

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 are held at fair value, the Company considers other U.S. GAAP guidance, as required, in determining (i) consolidation of the entity if the Company's ownership interests comprise a majority of its outstanding voting shares 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 profit.

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Fair Value Measurements

ASC 820 "Fair Value Measurements" 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 820 applies to all assets and liabilities that are measured and reported on a fair value basis (see Note 3, Fair Value Measurements).

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 and local 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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 privately held securities. 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.

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Net Profit/(Loss) Per Common Share

The Company calculates basic net profit/ (loss) per common share and diluted net profit/ (loss) per common share assuming dilution. Basic net profit/ (loss) per common share is calculated by dividing net profit/ (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net profit/ (loss) per common share is calculated by dividing the net profit/ (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period, plus potential dilutive common shares.

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 consolidated 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.

Accounting Standards Not Yet Adopted

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a framework, through a five-step process, for recognizing revenue from customers, improves comparability and consistency of recognizing revenue across entities, industries, jurisdictions and capital markets, and requires enhanced disclosures. ASU 2014-09 is effective on January 1, 2017 with retrospective adoption required for the comparative periods. The Company is currently assessing the impact the adoption of ASU 2014-09 will have on future financial statements and related disclosures.

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern

In August 2014, the FASB issued Accounting Standards Update 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). Currently, there is no guidance under U.S. GAAP regarding management's responsibility to assess whether there is substantial doubt about an entity's ability to continue as a going concern. Under ASU 2014-15, the Company will be required to assess its ability to continue as a going concern each interim and annual reporting period and provide certain disclosures if there is substantial doubt about the entity's ability to continue as a going concern, including management's plan to alleviate the substantial doubt. ASU 2014-15 is effective for the year ended December 31, 2016 and early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2014-15 will have on future financial statements and related disclosures.

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

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.

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 e.g. cash flows, or earnings to a single discounted present amount. 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.

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

Income Approach (Cont'd)

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 are 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 stocks and warrants 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.

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 there 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 privately held investments may differ significantly from values that would have been used had an observable market for the privately held investment existed, and the differences could be material.

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:

LOM FINANCIAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013
(expressed in U.S. Dollars)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

Income Approach (cont'd)

- 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 (inactive 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, 2014 and 2013, categorized by the ASC 820 fair value hierarchy:

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3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

Description	Fair Value Measurements at December 31, 2014 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Equity Securities:				
Financial services	\$ 297,942	\$ 1,892	\$ -	\$ 299,834
Life insurance	-	1,988	-	1,988
Investment exchange	-	-	958,169	958,169
Restaurant	-	95	-	95
Consumer Discretionary	-	60,789	-	60,789
Media	-	-	1,309,297	1,309,297
Mining	30,009	-	486,283	516,292
Telecommunication	-	1,311	-	1,311
Oil	-	15,064	-	15,064
Other	-	5,843	-	5,843
Total Equity Securities	327,951	86,982	2,753,749	3,168,682
Commodities:				
Gold	233,210	-	-	233,210
Derivatives:				
Commodity futures contract	724	-	-	724
Total Assets	\$ 561,885	\$ 86,982	\$ 2,753,749	\$ 3,402,616

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3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

Description	Fair Value Measurements at December 31, 2013 Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Equity Securities:				
Financial services	\$ 4,230	\$ 426	\$ -	\$ 4,656
Life insurance	-	89,064	-	89,064
Investment exchange	-	-	928,816	928,816
Restaurant	-	95	-	95
Media	-	-	1,285,346	1,285,346
Mining	21,364	368	550,274	572,006
Telecommunication	-	1,902	-	1,902
Oil	-	31,801	-	31,801
Other	-	9,489	-	9,489
Total Equity Securities	25,594	133,145	2,764,436	2,923,175
Commodities:				
Gold	330,307	-	-	330,307
Derivatives:				
Commodity futures contract	6,909	-	-	6,909
Total Assets	\$ 362,810	\$ 133,145	\$ 2,764,436	\$ 3,260,391

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3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

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, 2014 and 2013:

<u>Description</u>	<u>Privately Held Securities</u> 2014	<u>Privately Held Securities</u> 2013
Assets:		
Balance, January 1	\$ 2,764,436	\$ 2,562,034
Transfers	-	-
Purchases	-	-
Sales	-	-
Net change in unrealized gains (losses)	(10,687)	202,402
Balance, December 31	\$ 2,753,749	\$ 2,764,436
Change in unrealized gains (losses) relating to investments still held at December 31	\$ (10,687)	\$ 202,402

The Company has obtained independent valuations to estimate the fair value of three investments held in privately held securities. For purposes of valuing privately held securities, fair value is defined as the amount at which a minority common stock interest in a privately held enterprise could be bought or sold in a current transaction between unrelated willing parties, that is, other than in a forced or liquidation sale. The methodology used in determining fair value uses a variety of factors giving each factor a weighting. When evidence supports a change to the carrying value from the transaction price, adjustments will be made to reflect expected exit values in the investment's principal market under current market conditions. The three investments are Bermuda Press (Holdings) Limited ("Bermuda Press"), the Bermuda Stock Exchange ("BSX"), and Pembroke Mining Corp. ("Pembroke"). The Company's investments in Bermuda Press, BSX and Pembroke are included in Level 3 of the fair value hierarchy at December 31, 2014 and 2013.

Bermuda Press' valuation is determined by using the market approach, by utilizing a combination of weightings between the net asset value method and the quoted market price method. At December 31, 2014, the fair value of the Company's investment in Bermuda Press was determined to be \$1,309,297 (2013 - \$1,285,346).

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3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

The investment in the BSX, which amounts to approximately 15% of the total outstanding shares at December 31, 2014 and 2013, is valued at \$958,169 as of December 31, 2014 (2013 - \$928,816). The shares of BSX are not traded in an active market and management has estimated the fair value by using combination of weightings including the market approach and the income approach. Market approach valuation techniques used included the guideline public company transaction method, guideline own company stock transaction method and guideline public company comparable method. The income approach method utilized the discounted cash flow method.

Pembroke's valuation is by using the market approach, which was determined by using the guideline own company stock transaction method. At December 31, 2014, the fair value of the Company's investment in Pembroke was determined to be \$486,283 (2013 - \$550,274).

Ongoing reviews are conducted by the Company's management on all privately held securities based on an assessment of the underlying investments from the inception date through the most recent valuation date.

Derivatives

As of December 31, 2014, the Company owned 5 derivative futures contracts consisting of short gold mini futures (2013 - 7 contracts) which have been used as hedges 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, 2014, the underlying notional value of the 5 short contracts, each representing 33.2 fine troy ounces of gold, amounted to \$196,560 (2013 - \$279,484) compared to a cost of \$197,284 (2013 - \$286,393) resulting in an unrealized gain of \$724 (2013 -\$6,909). Because the contracts are executed on a net margin basis, the Company recorded only the unrealized gain in the financial statements.

At December 31, 2014, 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:

Primary Underlying Risk <u>Commodities</u>	<u>Underlying Contract Size</u>	<u>Number of Contracts</u>
Short Gold Mini Futures	33.2 ounces of Fine Troy Gold	58

During the year ended December 31, 2014, the Company recorded realized losses of \$16,444 (2013 - realised gains of \$102,132) from derivative trades, hedging its physical gold held for resale to customers.

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4. EQUITY INVESTMENT IN YORKSTREET HOLDINGS LIMITED

	2014	2013
Yorkstreet Holdings Limited ("YHL")	\$ 1,276,501	\$ 1,259,215

The Company owns 127,750 (39.92%) ordinary shares of YHL, an affiliate, which is accounted for under the equity method. The Company also engages in certain transactions with YHL (See Note 9).

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, 2014 was \$113,098 (2013 - \$126,590). The Company received a dividend in 2014 of \$95,812 (2013 - \$95,813) which was recorded as a reduction in the carrying value of the investment on the consolidated balance sheet.

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

	2014	2013
Opening balance, January 1	\$ 1,259,215	\$ 1,228,438
Net income	113,098	126,590
Dividends received	(95,812)	(95,813)
Net change	17,286	30,777
Closing balance, December 31	\$ 1,276,501	\$ 1,259,215

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5. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

2014	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Carrying Value</u>
Building	\$ 8,559,374	\$ (3,242,307)	\$ 5,317,067
Freehold land	2,008,192	-	2,008,192
Computer hardware and software	1,624,184	(1,257,830)	366,354
Fixtures and fittings	535,731	(521,799)	13,932
Leasehold improvements	330,135	(280,356)	49,779
Machinery and equipment	528,534	(476,683)	51,851
	<u>\$ 13,586,150</u>	<u>\$ (5,778,975)</u>	<u>\$ 7,807,175</u>
2013	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Carrying Value</u>
Building	\$ 8,559,374	\$ (3,028,335)	\$ 5,531,039
Freehold land	2,008,192	-	2,008,192
Computer hardware and software	1,534,014	(1,124,851)	409,163
Fixtures and fittings	530,340	(516,698)	13,642
Leasehold improvements	305,553	(251,629)	53,924
Machinery and equipment	528,534	(455,707)	72,827
	<u>\$ 13,466,007</u>	<u>\$ (5,377,220)</u>	<u>\$ 8,088,787</u>

6. **SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL**

The Board of Directors has authorized the Company in 2014 to purchase up to 200,000 shares of its own shares from existing shareholders at no fixed price per share and that the shares repurchased be retired. In 2013, the Board of Directors approved the purchase of up to \$100,000 worth of shares. 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 42,500 (2013 - 41,204) shares in the open market at an average price of \$2.20 (2013 - \$2.33) per share, for cash. These shares were immediately retired upon repurchase.

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7. **LOANS RECEIVABLE FOR ISSUANCE OF COMMON SHARES**

As of December 31, 2014, loans receivable for issuance of common shares relating to previous stock option exercises amounted to \$92,600 (2013 - \$138,950). During the year, 41,204 (2013 - Nil) common shares were repurchased and retired. These loans were to be repaid over a five-year period ending November 20, 2012. This repayment date was extended to April 30, 2016. At December 31, 2014, common shares of the Company with a market value of \$180,705 are held in two escrow accounts as collateral for the loans.

8. **ASSETS UNDER MANAGEMENT**

Cash, securities and properties held in the Company's role as custodian for customers are not included in the consolidated 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 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, 2014 is approximately \$615 million (2013 - \$587 million).

9. **RELATED PARTY TRANSACTIONS**

During the year, the Company earned broking fee revenue from directors and employees of \$8,562 (2013 - \$7,498).

During the year, the Company had transactions with shareholders who are also directors and employees of the Company. These transactions consisted of commission expenses of \$730,783 (2013 - \$563,950).

During the year, the Company earned rent and service charge income of \$243,800 (2013 - \$243,800) from YHL. In addition, the Company earned \$36,170 (2013 - \$32,666) for information technology services, recorded in other income, of which \$27,024 (2013 - \$8,705) is still outstanding at year end.

During the year, the Company paid \$37,884 (2013 - \$42,681) for corporate services, recorded in professional fees, provided by Waterstreet Corporate Services, a subsidiary of YHL. However, \$9,417 (2013 - \$9,417) of this amount, related to payments for annual government fees.

During the year, the Company earned management and performance fees during the year of \$1,415,529 (2013 - \$1,505,122) from the LOM Sponsored Funds, of which \$395,386 (2013 - \$398,515) was included in accounts receivable at year end. The Company is also the custodian for the LOM Sponsored Funds and received a custodial fee, recorded in administrative and custody fees, of \$64,571 (2013 - \$73,917) for these services, of which \$17,259 (2013 - \$18,558) was included in accounts receivable at year end.

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9. RELATED PARTY TRANSACTIONS (Cont'd)

During 2014, the Company earned other revenue income of \$13,000 (2013 - \$20,000) and net interest income of \$64,618 (2013 - \$11,820). In addition the Company earned \$32,171 (2013 - \$Nil) for information technology services, recorded in other income, of which \$15,037 (2013 - \$Nil) is still outstanding at year end. These fees are earned from a company in which an LOM Director also held a Director position.

10. 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. Refer to Note 13 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 and local financial institutions, management believes that the risk of incurring losses on 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 on 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 on its securities owned. As a result of changes in market conditions, the values of these financial instruments will fluctuate.

Currency Risk

From time to time, the Company holds positions that are exposed to changes in foreign exchange rates (currency risk) whose 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.

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11. FUTURE LEASE PAYMENTS

The Company leases office space under operating leases for certain of its overseas operations. Future annual minimum lease payments (excluding real estate taxes and maintenance costs) are as follows:

For the Years Ending December 31,	Amount
2015	\$ 87,377
2016	90,634
2017	69,398
2018	69,398
2019	32,576
Total	\$ 349,383

Operating lease rent expense (including real estate taxes and maintenance costs) were \$56,338 (2013 – \$59,576).

12. 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 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. The Company has assessed and concluded that, no uncertain tax positions were required to be recorded, and the Company has not recognized any penalties, interest or any tax effect related to uncertain tax positions.

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, 2014 and 2013 is as follows:

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12. INCOME TAXES (Cont'd)

Provision for income taxes consist of the following:

	2014	2013
Income tax benefit for foreign operations at statutory rate in effect of 21.5% (2013 – 23.5%)	\$ 426	\$ (1,464)
Accelerated capital allowances	(19,218)	(217)
Non deductible expenses	566	-
Other tax adjustments	18,226	1,681
	<u>(426)</u>	<u>1,464</u>
Current tax charge for the year	\$ -	\$ -

LOM (UK) Limited, has a deferred tax asset of approximately \$162,775 (2013 – \$148,105), arising predominantly from availability of net operating losses to be deducted from future taxable income. 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.

13. 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.

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13. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (Cont'd)

Client Activities (cont'd)

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.

Employment Contract Commitments

The Company remains liable for health insurance premiums related to a termination agreement signed on July 1, 2005 for one of its directors and officers. The firm is liable for 50% of the premiums due for this individual and their family through June 30, 2015. The Company recorded under employee compensation and benefits total expenses of \$10,256 in 2014 (2013 - \$9,342) 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 strictly 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.

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13. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (Cont'd)

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 Stockbrokers Ltd.	\$ 250,000
LOM Asset Management Limited	\$ 250,000
Global Custody and Clearing Limited	\$ 250,000
LOM Stockbrokers International Ltd.	\$ 300,000

As of December 31, 2014, the above subsidiaries met their minimum net asset and regulatory capital amount.

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 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 statement of financial condition.

Certain assets held by MF Global UK Limited

GCCL held several client accounts with MF Global UK Limited, which went into liquidation on October 31, 2011. The appointed receivers confirmed the cash and securities that make up the claim of GCCL's client assets (initially valued at approximately \$5.0 million). As at the year ended December 31, 2013, GCCL had received back all of their securities. A total of \$2.3 million in cash has been received to date, approximately \$0.5 million in 2014, \$1.3 million in 2013 and \$0.5 million in 2012.

During the year ended December 31, 2014, \$87,000 of this claim was written off as unrecoverable by GCCL to reflect a change by the liquidator in the method of valuing the assets, this write off also takes into account the movement in foreign exchange rates since the initial claim was agreed. This currently leaves approximately \$0.2 million of the claim outstanding as of December 31, 2014.

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14. 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 profit (loss). The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

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 between LOMFL's wholly-owned subsidiaries for information technology charges, administrative expenses and rent. These are charged at estimated current market prices. Revenues from segments below the quantitative thresholds for disclosure prescribed by U.S. GAAP are attributable to two operating segments and are aggregated and included in the other operating segment. These operating segments include LOM Corporate Finance Ltd. and LOM (UK) Limited.

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14. SEGMENT INFORMATION (Cont'd)

2014	LOM Stockbrokers Ltd. (Bermuda)	LOM Stockbrokers International Ltd. (Bahamas)	LOM Asset Management Limited (Bermuda)	Global Custody Clearing Limited	LOM Financial Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other (UK/Bermuda)	Eliminations	Total
Revenues from external customers	\$ 1,554,838	\$ 1,765,395	\$ 1,863,488	\$ 1,105,036	\$ 161,227	\$ 710,502	\$ 224,663	\$ -	\$ 7,385,149
Intersegment revenue	134,413	54,000	-	1,089,008	-	296,880	250,000	(1,824,301)	-
Total revenue	<u>\$ 1,689,251</u>	<u>\$ 1,819,395</u>	<u>\$ 1,863,488</u>	<u>\$ 2,194,044</u>	<u>\$ 161,227</u>	<u>\$ 1,007,382</u>	<u>\$ 474,663</u>	<u>\$ (1,824,301)</u>	<u>\$ 7,385,149</u>
Depreciation	\$ -	\$ 4,107	\$ -	\$ 135,432	\$ -	\$ 253,203	\$ 9,013	\$ -	\$ 401,755
Operating expenses	2,031,062	1,379,581	1,428,224	2,557,301	282,793	929,589	294,009	(1,824,301)	7,078,258
Segment (loss) profit	(341,811)	439,814	435,264	(363,256)	(121,566)	77,793	180,653	-	306,891
Identifiable assets	864,351	732,974	662,857	1,685,975	18,924,549	7,597,136	494,643	(13,937,509)	17,024,976
Property and equipment	-	4,647	-	331,507	-	7,370,000	101,021	-	7,807,175
Capital expenditures	-	-	-	10,108	-	-	110,035	-	120,143

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14. SEGMENT INFORMATION (Cont'd)

2013	LOM Stockbrokers Ltd. (Bermuda)	LOM Asset Stockbrokers International Ltd. (Bahamas)	Global Management Limited (Bermuda)	LOM Custody Clearing Limited	LOM Financial Limited (Bermuda)	Properties Limited (Bermuda)	Other (UK/Bermuda)	Eliminations	Total
Revenues from external customers	\$ 1,794,665	\$ 1,095,741	\$ 1,999,652	\$ 1,200,913	\$ 373,972	\$ 712,899	\$ 114,678	\$ -	\$ 7,292,520
Intersegment revenue	119,860	54,000	-	1,449,833	-	296,880	6,875	(1,927,448)	-
Total revenue	<u>\$ 1,914,525</u>	<u>\$ 1,149,741</u>	<u>\$ 1,999,652</u>	<u>\$ 2,650,746</u>	<u>\$ 373,972</u>	<u>\$ 1,009,779</u>	<u>\$ 121,553</u>	<u>\$ (1,927,448)</u>	<u>\$ 7,292,520</u>
Depreciation	-	\$ 6,036	-	\$ 139,262	-	\$ 251,059	-	-	\$ 396,357
Operating expenses	2,251,706	1,155,408	1,619,997	2,723,163	297,166	934,124	58,120	(1,927,448)	7,112,236
Segment (loss) profit	(337,181)	(5,667)	379,655	(72,417)	76,805	75,655	63,434	-	180,284
Identifiable assets	1,325,807	558,662	1,022,120	2,060,176	18,223,404	7,912,119	256,495	(14,461,195)	16,897,588
Property and equipment	-	8,754	-	456,831	-	7,623,202	-	-	8,088,787
Capital expenditures	-	6,205	-	55,153	-	21,555	-	-	82,913

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14. SEGMENT INFORMATION (Cont'd)

Geographic Split

	<u>Bermuda</u>	<u>Bahamas</u>	<u>UK</u>	<u>Total</u>
2014				
Revenues from external customers	\$ 5,618,793	\$ 1,765,395	\$ 961	\$ 7,385,149
Property and equipment	7,701,507	4,647	101,021	7,807,175
2013				
Revenues from external customers	\$ 6,196,779	\$ 1,095,741	\$ 961	\$ 7,292,520
Property and equipment	8,080,033	8,754	961	8,088,787

Geographic split is disclosed by location of business.

15. SUPPLEMENTARY INFORMATION – FIVE YEAR COMPARISON TABLE

Income Statement Data – For the Year Ended December 31,

	2014	2013	2012	2011	2010
Net revenue-interest income	\$ 716,220	\$ 481,784	\$ 547,419	\$ 757,452	\$ 707,755
Fees and other income	6,668,929	6,810,736	6,187,983	7,578,510	8,117,679
Operating expenses	(7,078,258)	(7,112,236)	(7,510,150)	(9,807,579)	(9,115,322)
Net profit / (loss)	\$ 306,891	\$ 180,284	\$ (774,748)	\$ (1,471,617)	\$ (289,888)

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15. SUPPLEMENTARY INFORMATION – FIVE YEAR COMPARISON TABLE (Cont'd)

Balance Sheet Data – As of December 31,

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash, cash equivalents and restricted cash	\$ 3,720,449	\$ 3,521,800	\$ 3,307,953	\$ 3,548,865	\$ 3,795,209
Securities owned	3,402,616	3,260,391	4,579,973	3,835,952	4,353,685
Property and equipment, net	7,807,175	8,088,787	8,402,231	8,598,594	9,365,748
Total assets	17,024,976	16,897,588	18,281,822	17,569,871	19,352,421
Shareholders' equity	16,421,913	16,162,297	16,078,207	16,867,910	18,584,208
Directors and Executives Shareholdings (in numbers of shares owned)	2,854,743	4,021,396	4,129,396	4,102,896	3,586,996

Financial Ratios – As of December 31,

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Liabilities – equity ratio	3.7%	4.5%	13.7%	4.2%	4.1%
Return on equity	1.9	1.1	(4.8)	(8.7)	(1.6)
Return on assets	1.8	1.1	(4.2)	(8.4)	(1.5)

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16. SUBSEQUENT EVENTS

Management has evaluated subsequent events from the balance sheet date through April 21, 2015 which is the date these consolidated financial statements are available to be issued and determined that there were no material events that would require recognition or disclosure in the Company's consolidated financial statements through that date.