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LOM FINANCIAL LIMITED

Consolidated Financial Statements and Independent Auditors' Report

For the years ended
December 31, 2015 and 2014

Deloitte.

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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 and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, 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, 2015 and 2014, 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 16 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, 2016

LOM FINANCIAL LIMITED
CONSOLIDATED BALANCE SHEETS
as of December 31, 2015 and 2014
(expressed in U.S. Dollars)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,477,092	$ 3,720,449
Securities owned, at fair value (cost: 2015 - $2,975,611, 2014 - $2,916,923) (Note 3)	2,974,422	3,415,524
Accounts receivable	508,525	540,044
Due from related parties (Note 9)	34,710	27,024
Prepaid expenses and other assets	229,420	238,259
Equity investment in affiliate (Note 4)	1,556,360	1,276,501
Property and equipment, net (Note 5)	7,414,833	7,807,175
TOTAL ASSETS	$ 17,195,362	$ 17,024,976
LIABILITIES		
Accounts payable and accrued liabilities	$ 448,446	$ 603,063
Securities sold short, at fair value (proceeds: 2015 - $250,670, 2014 - $Nil) (Note 3)	223,871	-
TOTAL LIABILITIES	672,317	603,063
SHAREHOLDERS' EQUITY		
Common shares, par value $0.10 per share; 20,000,000 shares authorized, and 6,021,250 (2014 - 6,059,370) shares issued and outstanding (Note 6)	602,125	605,937
Additional paid-in capital	3,013,163	3,096,047
Receivables for issuance of common shares (Note 7)	(46,300)	(92,600)
Retained earnings	12,954,057	12,812,529
TOTAL SHAREHOLDERS' EQUITY	16,523,045	16,421,913
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 17,195,362	$ 17,024,976

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, 2015 and 2014
(expressed in U.S. Dollars)

		2015		2014
REVENUES				
Broking fee income	$	2,260,312	$	2,635,432
Management and investment advisory fees including related party management fees of $1,697,872 (2014 - $1,415,529)		2,895,506		2,513,812
Net interest income, net of interest expense of $278,050 (2014- $391,457)		680,858		716,220
Rental income, including related party rent of $316,478 (2014- $316,478)		714,528		708,720
Other income		235,169		115,771
Income from equity investment in affiliate		279,859		113,098
Foreign exchange income, net		210,444		214,620
Net trading (loss)/gain on securities owned		(50,536)		168,366
Corporate finance income		76,244		134,539
Administration and custody fees		62,804		64,571
TOTAL REVENUES		7,365,188		7,385,149
OPERATING EXPENSES				
Employee compensation and benefits		2,696,943		2,632,937
Commissions and referral fees		1,922,174		1,832,060
Computer and information services		490,460		474,469
Depreciation of property and equipment (Note 5)		413,391		401,755
Jitney fees		148,513		226,513
Professional fees		402,033		371,120
Occupancy		591,648		562,568
Administration		194,888		153,830
Insurance		134,918		136,260
Custodial charges		172,446		225,369
Net foreign exchange transaction losses		56,246		61,377
TOTAL OPERATING EXPENSES		7,223,660		7,078,258
NET INCOME	$	141,528	$	306,891
NET INCOME PER COMMON SHARE				
Basic and diluted	$	0.02	$	0.05
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted		6,039,355		6,080,542

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, 2015 and 2014
(expressed in U.S. Dollars)

	Common Shares	Share Capital	Additional Paid-in Capital	Loans Receivable for Issuance of Common shares	Retained Earnings	Total
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)
Settlement of 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
Net income	-	-	-	-	141,528	141,528
Repurchase and retirement of common shares	(38,120)	(3,812)	(82,884)	-	-	(86,696)
Settlement of loans receivable	-	-	-	46,300	-	46,300
BALANCE – December 31, 2015	6,021,250	$ 602,125	$ 3,013,163	$ (46,300)	$ 12,954,057	$ 16,523,045

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, 2015 and 2014
(expressed in U.S. Dollars)

		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	141,528	$	306,891
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property and equipment		413,391		401,755
Income from equity investment in affiliate		(279,859)		(113,098)
Dividends received from equity investment in affiliate		-		95,812
Gain on disposal of property and equipment		(279)		-
Changes in operating assets and liabilities:				
Securities owned, net		441,102		(155,133)
Accounts receivable		31,519		(4,383)
Due from related parties		(7,686)		(18,319)
Prepaid expenses and other assets		8,839		(15,230)
Accounts payable and accrued liabilities		(154,617)		(132,228)
Securities sold short, at fair value		223,871		-
Total adjustments		676,281		59,176
NET CASH PROVIDED BY OPERATING ACTIVITIES		817,809		366,067
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment		(26,915)		(120,143)
Proceeds on disposal of property and equipment		6,145		-
NET CASH USED IN INVESTING ACTIVITIES		(20,770)		(120,143)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repurchase of common shares		(86,696)		(93,625)
Repayment of loans for issuance of common shares (Note 7)		46,300		46,350
NET CASH USED IN FINANCING ACTIVITIES		(40,396)		(47,275)
NET INCREASE IN CASH AND CASH EQUIVALENTS		756,643		198,649
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		3,720,449		3,521,800
CASH AND CASH EQUIVALENTS, END OF YEAR	$	4,477,092	$	3,720,449
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	$	278,050	$	391,457

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

1. DESCRIPTION OF BUSINESS

LOM Financial Limited ("LOMFL"), a holding company for several wholly owned subsidiaries, was incorporated on May 1, 1996 under the laws of Bermuda. 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 Financial (Bermuda) Limited was incorporated in 1998 to provide investment and financial advice, brokerage services and discretionary investment management services. On June 29, 2015, LOM Stockbrokers Ltd. changed its name to LOM Financial (Bermuda) Limited ("LOMF BDA"). LOM BDA is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

LOM Financial (Bahamas) Limited was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Securities Commission of the Bahamas. On August 5, 2015, the Company changed its name from LOM Stockbrokers International Ltd. to LOM Financial (Bahamas) Limited ("LOM BAH"). LOM BAH 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, 2015, 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.

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, Marketing and Finance services to the LOM Group of Companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain of the prior year balances have been reclassified to conform to the presentation adopted for the current year.

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, GBP)
    c. LOM Equity Growth Fund
    d. LOM Balanced Fund
    e. LOM Stable Income Fund

- LOM Commodities Fund Limited

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 from clients participating in private placements 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).

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 2015, the amount of unclaimed cash and proceeds from the sale of unclaimed securities was $6,518 (2014 - $32,189).

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.

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 income.

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.

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

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.

Net Income Per Common Share

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

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

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 Financial Accounting Standards Board ("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. Certain contracts with customers are specifically excluded from the scope of ASU 2014-09, including, among others, insurance contracts accounted for under Accounting Standard Codification 944, Financial Services - Insurance. With the issuance of ASU 2015-14, this standard will be effective on January 1, 2018 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.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued Accounting Standards Update 2016-01, "Financial Instruments - Overall (Subtopic 825-10): "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). ASU 2016-01 changes current U.S. GAAP for public entities by requiring the following, among others: (1) equity securities, except those accounted for under the equity method of accounting, to be measured at fair value with changes in fair value recognized in net income; (2) the use of the exit price when measuring fair value of financial instruments for disclosure purposes; (3) an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; and (4) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or notes to the financial statements. ASU 2016-01 is effective for annual periods beginning after January 1, 2018, including interim periods. Early application is permitted. The Company is currently assessing the impact the adoption of ASU 2016-01 will have on future financial statements and disclosures.

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

Leases

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases (Topic 842): Section A - Leases, Section B - Conforming Amendments Related to Leases and Section C - Background Information and Basis for Conclusions (ASU 2016-02). ASU 2016-02 intends to improve financial reporting about leasing transactions. The new standard affects all entities that lease assets such as real estate, airplanes and manufacturing equipment. ASU 2016-01 will require entities that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. ASU 2016-02 is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

Balance Sheet Classification of Deferred Taxes

In November 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes" (ASU 2015-17), which changes how deferred taxes are classified on our balance sheets and is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. ASU 2015-17 requires all deferred tax assets and liabilities to be classified as non-current. The Company is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

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

In August 2015, the FASB issued Accounting Standards Update 2015-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2015-15"). 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 2015-15, 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 2015-15 is effective for the year ending December 31, 2016 and early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2015-15 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.

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

Fair Value Measurements (Cont'd)

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.

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 acquisition 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

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

Income Approach (Cont'd)

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:

- 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.

(expressed in U.S. Dollars)

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

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, 2015 and 2014, categorized by the ASC 820 fair value hierarchy:

	Fair Value Measurements at December 31, 2015 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Equity Securities:				
Financial services	$ 253,500	$ 871	$ -	$ 254,371
Life insurance	-	590	-	590
Investment exchange	-	-	922,526	922,526
Restaurant	-	70	-	70
Consumer discretionary	-	12,896	-	12,896
Media	-	-	1,258,403	1,258,403
Mining	20,963	35,874	425,935	482,772
Utilities	643	-	-	643
Telecommunication	-	87	18,071	18,158
Oil	-	8,034	-	8,034
Biotech	-	-	13,488	13,488
Other	1,712	759	-	2,471
Total Equity Securities	**276,818**	**59,181**	**2,638,423**	**2,974,422**
Total Assets	**$ 276,818**	**$ 59,181**	**$ 2,638,423**	**$ 2,974,422**
Liabilities:				
Commodities:				
Gold	$ 223,871	$ -	$ -	$ 223,871
Total Liabilities	$ 223,871	$ -	$ -	$ 223,871

(expressed in U.S. Dollars)

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

	Fair Value Measurements at December 31, 2014 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Equity Securities:				
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
Biotech	-	-	12,908	12,908
Other	-	5,843	-	5,843
Total Equity Securities	327,951	86,982	2,766,657	3,181,590
Commodities:				
Gold	233,210	-	-	233,210
Derivatives:				
Commodity futures contract	724	-	-	724
Total Assets	$ 561,885	$ 86,982	$ 2,766,657	$ 3,415,524

(expressed in U.S. Dollars)

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, 2015 and 2014:

Description	Privately Held Securities 2015	Privately Held Securities 2014
Assets:		
Balance, January 1	$ 2,766,657	$ 2,764,436
Transfers	-	-
Purchases	18,855	12,908
Sales	-	-
Net change in unrealized losses	(147,089)	(10,687)
Balance, December 31	$ 2,638,423	$ 2,766,657
Change in unrealized losses relating to investments still held at December 31	$ (147,089)	$ (10,687)

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 Pembrook Mining Corp. ("Pembrook"). The Company's investments in Bermuda Press, BSX and Pembrook are included in Level 3 of the fair value hierarchy at December 31, 2015 and 2014.

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, 2015, the fair value of the Company's investment in Bermuda Press was determined to be $1,258,403 (2014 - $1,309,297).

(expressed in U.S. Dollars)

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, 2015 and 2014, is valued at $922,526 as of December 31, 2015 (2014 - $958,169). 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.

Pembrook's valuation is by using the market approach, which was determined by using the guideline own company stock transaction method. At December 31, 2015, the fair value of the Company's investment in Pembrook was determined to be $425,935 (2014 - $486,283).

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, 2015, the Company owned Nil derivative futures contracts (2014 - 5 contracts consisting of short gold mini futures) which would 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, each contract representing 33.2 fine troy ounces of gold. As of December 31, 2015, the underlying notional value of the short contracts was $Nil (2014 - $196,560) compared to a cost of $Nil (2014 - $197,284) resulting in an unrealized gain of $Nil (2014 - $724). Because the contracts are executed on a net margin basis, the Company recorded only the unrealized gain in the financial statements.

At December 31, 2015, 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 Commodities	Underlying Contract Size	Number of Contracts
Short Gold Mini Futures	33.2 ounces of Fine Troy Gold	35

During the year ended December 31, 2015, the Company recorded realized losses of $26,556 (2014 – realised losses of $16,444) from derivative trades, hedging its physical gold held for resale to customers.

(expressed in U.S. Dollars)

4. EQUITY INVESTMENT IN ST. GEORGES GROUP LIMITED

		2015		2014
St. Georges Group Limited ("SGG")	$	1,556,360	$	1,276,501

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

SGG provides management services through its wholly owned subsidiaries. The Company's share of the net income of SGG for the year ended December 31, 2015 was $279,859 (2014 - $113,098). The Company received a dividend in 2015 of $Nil (2014 - $95,812) 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:

		2015		2014
Opening balance, January 1	$	1,276,501	$	1,259,215
Net income		279,859		113,098
Dividends received		-		(95,812)
Net change		279,859		17,286
Closing balance, December 31	$	1,556,360	$	1,276,501

(expressed in U.S. Dollars)

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

2015	Cost	Accumulated Depreciation	Net Carrying Value
Building	$ 8,559,374	$ (3,456,279)	$ 5,103,095
Freehold land	2,008,192	-	2,008,192
Computer hardware and software	1,649,744	(1,404,432)	245,312
Fixtures and fittings	537,086	(527,173)	9,913
Leasehold improvements	323,682	(308,349)	15,333
Machinery and equipment	528,534	(495,546)	32,988
	$ 13,606,612	$ (6,191,779)	$ 7,414,833

2014	Cost	Accumulated Depreciation	Net Carrying Value
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
	$ 13,586,150	$ (5,778,975)	$ 7,807,175

6. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

The Board of Directors has authorized the Company in 2015 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 (2014 – 200,000 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 38,120 (2014 – 42,500) shares in the open market at an average price of $2.27 (2014 - $2.20) per share, for cash. These shares were immediately retired upon repurchase.

7. RECEIVABLES FOR ISSUANCE OF COMMON SHARES

As of December 31, 2015, receivables for issuance of common shares relating to previous stock option exercises amounted to $46,300 (2014 - $92,600). During the year, 18,520 (2014 – 18,950) of these common shares were repurchased and retired. These receivables 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, 2015, common shares of the Company with a market value of $155,319 are held in two escrow accounts as collateral for the receivables.

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, 2015 is approximately $635 million (2014 - $615 million).

9. RELATED PARTY TRANSACTIONS

During the year, the Company earned broking fee revenue from accounts in which directors and employees of the LOM group of Companies have an interest of $38,155 (2014 - $65,111). The Company also paid interest of $18,357 (2014 - $28,925) and received interest of $151,366 (2014 - $185,643) from these same accounts.

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 $811,253 (2014 - $730,783).

During the year, the Company earned rent and service charge income from related parties of $316,478 (2014 - $316,478). In addition, the Company also earned $94,050 (2014 - $68,341) for information technology services, recorded in other income, of which $34,710 (2014 - $42,061) is still outstanding at year end. During the year, the Company paid $37,608 (2014 - $37,884) for corporate services, recorded in professional fees, provided by Waterstreet Corporate Services, a subsidiary of SGG. However, $9,417 (2014 – $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 $1,697,872 (2014 - $1,415,529) from the LOM Sponsored Funds, of which $455,464 (2014 - $395,386) 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 $62,804 (2014 - $64,571) for these services, of which $11,693 (2014 - $17,259) was included in accounts receivable at year end. The Company also earned director fees of $30,000 (2014 - $Nil) from the LOM Sponsored Funds.

On September 20, 2013, the Company approved a loan facility of $1,000,000 at an interest rate of 8% with a maturity date of October 31, 2014 to a company in which two LOMF Directors also held Director positions. A second facility with a three month duration and 8% interest rate was agreed on March 20, 2014 for $650,000 with a maturity date of June 30, 2014. After expiry of the previous loans, a further facility was agreed on February 17, 2015 for $500,000 at an interest rate of 7% maturing on December 31, 2015 and a final loan was agreed on May 11, 2015 maturing on June 30, 2016 at an interest rate of 7%. At December 31, 2015, the balance of this loan outstanding was $21,653 (2014 - $Nil). During the year, the Company earned net interest income of $16,059 (2014 - $64,618) on these loans. This loan was fully paid off on April 1, 2016 and the facility terminated.

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 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.

(expressed in U.S. Dollars)

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
2016	$ 86,845
2017	65,609
2018	65,609
2019	30,798
Total	$ 248,861

Operating lease rent expense (including real estate taxes and maintenance costs) were $91,234 (2014 – $56,338).

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 de-recognition, 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, 2015 and 2014 is as follows:

(expressed in U.S. Dollars)

12. INCOME TAXES (Cont'd)

Provision for income taxes consist of the following:

		2015		2014
Income tax benefit for foreign operations at statutory rate in effect of 20.25% (2014 – 21.5%)	$	(24,345)	$	426
Depreciation in excess of capital allowances		7,298		-
Capital allowance in excess of depreciation		-		(18,652)
Unutilised tax losses carried forward		17,047		18,226
		24,345		(426)
Current tax charge for the year	$	-	$	-

LOM (UK) Limited, has a deferred tax asset of approximately $142,713 (2014 – $147,598), 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 income 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.

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.

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.

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 Financial (Bermuda) Limited	$ 250,000
LOM Asset Management Limited	$ 250,000
Global Custody and Clearing Limited	$ 250,000
LOM Financial (Bahamas) Limited	$ 300,000

As of December 31, 2015 and 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.

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 income. 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.

14. SEGMENT INFORMATION (Cont'd)

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.

(expressed in U.S. Dollars)

14. SEGMENT INFORMATION (Cont'd)

2015	LOM Financial (Bermuda) Limited (Bermuda)	LOM Financial (Bahamas) Limited (Bahamas)	LOM Asset Management Limited (Bermuda)	Global Custody Clearing Limited (Bermuda)	LOM Financial Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other (UK/Bermuda)	Eliminations	Total
Revenues from External customers	$ 1,514,531	$ 1,391,573	$ 2,302,530	$ 1,174,792	$ 210,777	$ 715,666	$ 55,319	$ -	$ 7,365,188
Intersegment revenue	290,295	59,006	-	1,335,217	-	296,880	452,236	(2,433,634)	-
Total revenue	$ 1,804,826	$ 1,450,579	$ 2,302,530	$ 2,510,009	$ 210,777	$ 1,012,546	$ 507,555	$ (2,433,634)	$ 7,365,188
Depreciation	$ -	$ 1,593	$ -	$ 128,255	$ -	$ 246,742	$ 36,801	$ -	$ 413,391
Operating expenses	1,983,125	1,256,589	1,968,897	2,692,721	215,405	925,298	615,259	(2,433,634)	7,223,660
Segment (loss) income	(178,299)	193,990	333,633	(182,712)	(4,628)	87,248	(107,704)	-	141,528
Identifiable assets	682,166	549,052	827,606	1,415,614	19,494,674	7,383,825	518,700	(13,676,275)	17,195,362
Property and equipment	-	3,054	-	222,184	-	7,124,614	64,981	-	7,414,833
Capital expenditures	-	-	-	18,932	-	1,355	6,628	-	26,915

(expressed in U.S. Dollars)

14. SEGMENT INFORMATION (Cont'd)

2014	LOM Financial (Bermuda) Limited (Bermuda)	LOM Financial (Bahamas) Limited (Bahamas)	LOM Asset Management Limited (Bermuda)	Global Custody Clearing Limited (Bermuda)	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	$ 1,689,251	$ 1,819,395	$ 1,863,488	$ 2,194,044	$ 161,227	$ 1,007,382	$ 474,663	$ (1,824,301)	$ 7,385,149
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) income	(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

(expressed in U.S. Dollars)

14. SEGMENT INFORMATION (Cont'd)

Geographic Split

2015	Bermuda	Bahamas	UK	Total
Revenues from external customers	$ 5,973,336	$ 1,391,573	$ 279	$ 7,365,188
Property and equipment	7,346,798	3,054	64,981	7,414,833

2014	Bermuda	Bahamas	UK	Total
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

Geographic split is disclosed by location of business.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events from the balance sheet date through April 21, 2016 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.

(expressed in U.S. Dollars)

16. SUPPLEMENTARY INFORMATION – FIVE YEAR COMPARISON TABLE

Income Statement Data – For the Year Ended December 31,

	2015	2014	2013	2012	2011
Net revenue-interest income	$ 680,858	$ 716,220	$ 481,784	$ 547,419	$ 757,452
Fees and other income	6,684,330	6,668,929	6,810,736	6,187,983	7,578,510
Operating expenses	(7,223,660)	(7,078,258)	(7,112,236)	(7,510,150)	(9,807,579)
Net profit / (loss)	$ 141,528	$ 306,891	$ 180,284	$ (774,748)	$ (1,471,617)

Balance Sheet Data – As of December 31,

	2015	2014	2013	2012	2011
Cash, cash equivalents and restricted cash	$ 4,477,092	$ 3,720,449	$ 3,521,800	$ 3,307,953	$ 3,548,865
Securities owned	2,974,422	3,415,524	3,260,391	4,579,973	3,835,952
Property and equipment, net	7,414,833	7,807,175	8,088,787	8,402,231	8,598,594
Total assets	17,195,362	17,024,976	16,897,588	18,281,822	17,569,871
Shareholders' equity	16,523,045	16,421,913	16,162,297	16,078,207	16,867,910
Directors and Executives Shareholdings (in numbers of shares owned)	2,950,199	2,854,743	4,021,396	4,129,396	4,102,896

Financial Ratios – As of December 31,

	2015	2014	2013	2012	2011
Liabilities – equity ratio	4.1%	3.7%	4.5%	13.7%	4.2%
Return on equity	0.9	1.9	1.1	(4.8)	(8.7)
Return on assets	0.8	1.8	1.1	(4.2)	(8.4)