LOM (HOLDINGS) LIMITED
(INCORPORATED IN BERMUDA)

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2005 and 2004
(Expressed in U.S. Dollars)

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LOM (Holdings) Limited

We have audited the accompanying consolidated balance sheets of LOM (Holdings) Limited (the "Company") as of December 31, 2005 and 2004, and the consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As more fully described in Note 17 to the consolidated financial statements, the Company, one of its senior officers, and a former senior officer are involved in an ongoing investigation by the United States Securities and Exchange Commission ("SEC"). The SEC has a broad range of sanctions that it may seek to impose including, but not limited to, injunctive relief, fines, penalties, limitations on business operations in the United States of America, and civil charges against the Company and/or the senior officer and former senior officer. It is not possible at this time to predict when the SEC's investigation will be completed, or what, if any actions may be taken by the SEC, and the effect thereof on the Company. An adverse outcome could result in significant monetary penalties and possible limitations on the Company's business operations, and this could have material adverse consequences for the Company.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the five year comparison table in Note 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the amounts for 2001 through 2003 on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information for 2004 and 2005 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcum & Kliegman LLP

Melville, NY
April 18, 2006

LOM (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEETS

December 31, 2005 and 2004
(Expressed in U.S. Dollars)

ASSETS

	2005	2004
Cash and cash equivalents	$14,914,949	$14,387,202
Restricted cash	120,288	556,756
Securities owned (cost: 2005 - $624,445, 2004 - $689,882)	607,670	618,354
Other receivables	298,792	258,346
Direct finance lease receivable	687,072	838,188
Client accounts receivable	9,538	11,589
Due from related parties	7,801	8,535
Prepaid expenses	253,190	245,829
Investment in affiliate	793,507	786,809
Property and equipment, net	9,563,920	9,917,390
TOTAL ASSETS	$27,256,727	$27,628,998

LIABILITIES AND STOCKHOLDERS' EQUITY

	2005	2004
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,929,833	$ 2,154,930
TOTAL LIABILITIES	1,929,833	2,154,930
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value $0.10, 20,000,000 shares authorized, 6,290,500 and 6,392,500 shares issued and outstanding	629,050	639,250
Additional paid-in capital	4,080,408	4,388,500
Loans receivable for issuance of common stock	(37,500)	(115,797)
Retained earnings	20,654,936	20,562,115
TOTAL STOCKHOLDERS' EQUITY	25,326,894	25,474,068
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$27,256,727	$27,628,998

Approved by the Board of Directors:

____________________ Director

____________________ Director

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2005 and 2004
(Expressed in U.S. Dollars)

	2005	2004
REVENUES		
Broking fees	$ 7,791,781	$12,077,306
Management fees	1,380,176	1,451,649
Net interest income	1,609,369	1,684,303
Rental income	526,549	466,460
Other	478,352	661,132
Foreign exchange	471,121	487,898
Net gains on securities	130,814	95,074
Corporate finance income	238,604	173,197
Administration fees	163,176	153,421
Interest on finance leases	124,153	123,158
TOTAL REVENUES	12,914,095	17,373,598
OPERATING EXPENSES		
Employee compensation and benefits	3,500,078	4,062,502
Commissions and referral fees	3,091,027	4,882,972
Computer and information services	796,436	900,157
Depreciation of property and equipment	500,311	589,368
Jitney fees	778,832	886,768
Professional fees	1,457,606	2,085,767
Occupancy	554,810	519,161
Administration	460,608	402,330
Insurance	405,631	424,620
Gain on disposal of property and equipment	(20,000)	--
Bad debts	6,312	5,424
Custodial charges	647,702	547,530
Foreign exchange losses	9,726	2,316
TOTAL OPERATING EXPENSES	12,189,079	15,308,915
NET INCOME	$ 725,016	$ 2,064,683
NET INCOME PER COMMON SHARE		
Basic	$ 0.11	$ 0.32
Diluted	$ 0.11	$ 0.30

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2005 and 2004
(Expressed in U.S. Dollars)

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Total
BALANCE – January 1, 2004	6,387,700	$638,770	$4,369,580	$(225,140)	$19,143,292	$23,926,502
Net income	--	--	--	--	2,064,683	2,064,683
Exercise of stock options	85,000	8,500	251,500	(35,000)	--	225,000
Repurchase and retirement of common stock	(80,200)	(8,020)	(232,580)	--	--	(240,600)
Payment of loans receivable for issuance of common stock	--	--	--	122,970	--	122,970
Dividends declared	--	--	--	21,373	(645,860)	(624,487)
BALANCE – December 31, 2004	6,392,500	639,250	4,388,500	(115,797)	20,562,115	25,474,068
Net income	--	--	--	--	725,016	725,016
Exercise of stock options	25,000	2,500	60,000	--	--	62,500
Repurchase and retirement of common stock	(127,000)	(12,700)	(368,092)	--	--	(380,792)
Payment of loans receivable for issuance of common stock	--	--	--	76,834	--	76,834
Dividends declared	--	--	--	1,463	(632,195)	(630,732)
BALANCE – December 31, 2005	6,290,500	$629,050	$4,080,408	$ (37,500)	$20,654,936	$25,326,894

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2005 and 2004
(Expressed in U.S. Dollars)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 725,016	$ 2,064,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	500,311	589,368
Gain on disposal of property and equipment	(20,000)	--
Equity gain from investment in affiliate	(6,698)	(21,266)
Amortization of intangible	--	34,148
Changes in operating assets and liabilities:		
Securities owned	10,684	(298,662)
Other receivables	(40,446)	(22,509)
Direct finance lease receivable	151,116	(265,686)
Client accounts receivable	2,051	62,188
Due from related parties	734	3,877
Prepaid expenses	(7,361)	11,798
Accounts payable and accrued liabilities	(225,097)	248,195
TOTAL ADJUSTMENTS	365,294	341,451
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,090,310	2,406,134
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(148,071)	(289,849)
Proceeds from sale of property and equipment	21,230	--
NET CASH USED IN INVESTING ACTIVITIES	(126,841)	(289,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of stock options	62,500	225,000
Repurchase of common stock	(380,792)	(240,600)
Repayment of common stock purchase loan to employees	76,834	122,970
Dividends paid	(630,732)	(624,487)
Restricted cash	436,468	(5,445)
NET CASH USED IN FINANCING ACTIVITIES	$ (435,722)	$ (522,562)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

For the Years Ended December 31, 2005 and 2004
(Expressed in U.S. Dollars)

	2005	2004
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 527,747	$ 1,593,723
CASH AND CASH EQUIVALENTS - Beginning	14,387,202	12,793,479
CASH AND CASH EQUIVALENTS - Ending	$14,914,949	$14,387,202

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Non-Cash Financing Activities:

	2005	2004
Issuance of share purchase loans to employees	$ --	$35,000
Dividends paid during the year, offset against share purchase loans	$1,463	$21,373

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

NOTE 1 - Nature of Business

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

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

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

LOM Securities (Cayman) Limited (formerly Lines Overseas Management (Cayman) Limited) was incorporated in 1995 under the laws of the Cayman Islands as an exempt company with limited liability and is regulated by the Cayman Island Monetary Authority. On November 27, 1995, the Company was granted a Company Managers License, under section 4 of the Companies Management Law, 1984. LOM Securities (Cayman) Limited is domiciled in Cayman and provides investment and financial advice, brokerage services and discretionary investment management services to sophisticated and high net worth investors.

LOM Securities (Bahamas) Limited (formerly Lines Overseas Management (Bahamas) Limited) was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Bahamas Securities Commission. LOM Securities (Bahamas) Limited is domiciled in the Bahamas and provides investment and financial advice, brokerage services and discretionary investment management services.

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

Lines Overseas Management Limited ("LOML") was incorporated in 1992, to provide custody, settlement and execution services and certain administrative services to other companies in the LOM Group of Companies. LOML operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda

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

NOTE 1 - Nature of Business, continued

LOM Capital Limited ("LOMCP") was incorporated in 1998 to offer services to source, value, document and close capital investments in growing companies, as well as entering into direct finance leases relating to office furniture and equipment. LOMCP is domiciled and operates in Bermuda.

LOM Services Limited, a Bermuda company, was incorporated in 2003 to provide information technology, finance and human resource services to the LOM Group of Companies and external clients. These functions had previously been carried out by Lines Overseas Management Limited.

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

LOM International Holdings Limited, a Bahamian company, was incorporated in the Commonwealth of the Bahamas on April 25, 2005 to hold the LOM Group of Companies non-Bermuda subsidiaries. Unlike its Bermuda parent company, LOM International Holdings Limited is not restricted by the 60/40 Bermudian ownership rules and gives the group greater flexibility to engage in joint ventures or partnerships, should it choose to do so.

LOM (UK) Limited was incorporated on May 5, 2004 in the United Kingdom to market the LOM Group of Companies services to intermediaries in Europe. Additionally, it can provide assistance in administration for the LOM Group of Companies.

NOTE 2 - 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.").

Basis of Consolidation

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

Revenue Recognition

Broking fees are amounts charged to clients for brokerage services and jitney fees are amounts charged by the executing broker. Both are recognized on a trade date basis.

The LOM Group of Companies also receives management fees for managing assets on a discretionary basis for both private and institutional clients and earns management fees based on the value of the portfolio, which are recorded on an accrual basis.

NOTE 2 - Significant Accounting Policies, continued

Revenue Recognition, continued

The LOM Group of Companies also earns management fees, which are recorded on an accrual basis, based on the daily net assets of the following funds (collectively referred to as the LOM Sponsored Funds):

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

Foreign exchange revenue is based on the current foreign exchange rates applied to client transactions, net of foreign exchange rates charged by external brokers. Foreign exchange revenue is recorded on a trade date basis.

Corporate finance income is received in the form of cash, securities or warrants. 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. Restricted securities are valued similarly, however, the directors may apply a discount to the valuation to reflect non-marketability of the securities. Where income is received in the form of warrants, the Board of Directors determines a price based on the fair value of the warrant, which may include discounts for restricted securities.

Administration fees, charged for the administrative and custodial services provided to the LOM Sponsored Funds, are recorded on an accrual basis.

Net interest income is a combination of interest charged to or paid to clients based on their daily cash balances and interest received or paid on the Company's cash balances from and to brokers and custodians.

Other revenue earned includes fees for settlement of client investment transactions. Fees for settlement of client investment transactions are recorded on a transaction date basis. Rental income includes rent from related parties [Note 10] and is recorded on an accrual basis.

Cash and Cash Equivalents

Cash and cash equivalents can include time deposits, money market funds and U.S. Treasury bills with original maturities of 90 days or less.

NOTE 2 - Significant Accounting Policies, continued

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Costs incurred by the Company for the construction of an office building in Bermuda, including site preparation and demolition, were capitalized.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the life of the asset or the length of the lease. The useful lives are as follows:

Building	40 years
Computer hardware and software	3 years
Fixtures and fittings	4 years
Leasehold improvements	Remaining life of lease
Machinery and equipment	4 years

Unclaimed Cash and Securities

Client funds received and unclaimed after a three-year period are included as income under the category of broking fees. Securities received and unclaimed after a five-year period are sold and included as income under the category of broking fees. During 2005, the amount of unclaimed cash and proceeds from the sale of unclaimed securities included as income was $38,824 (2004 - $48,170).

Translation of Foreign Currency Transactions and Balances

The Company's functional currency is U.S. dollars. Bermuda Dollars and Bahamian Dollars trade at par with the U.S. Dollar and require no translation adjustments. Assets and liabilities denominated in these currencies are translated into U.S. dollars. All monetary assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the year end exchange rates. Non-monetary assets and liabilities of foreign subsidiaries whose currencies are not fixed to the U.S. dollar are not material. Income and expenses are translated into U.S. dollars at the average rates of exchange prevailing throughout the year. The realized gains or losses are reflected in earnings for the year.

Securities Owned

Securities owned are investments of the Company, such as bonds and equities, that are both marketable and non-marketable. These investments are treated as trading investments and are valued at 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 there is no readily available market price or where the security is restricted, the securities are fair valued by the Board of Directors. Resulting unrealized gains or losses are reflected in earnings for the year. Realized gains or losses reflected in earnings for the year are based on the average cost of the securities. Security transactions are recorded on a trade date basis.

NOTE 2 - Significant Accounting Policies, continued

Securities Owned, continued

The actual values ultimately realized upon liquidation of any or all unrestricted and restricted securities may vary from valuations provided herein and the differences could be material. 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. The directors have taken all of these factors into account, including the fact that some securities it holds are currently restricted as to sale, and arrived at their best estimate of the fair value of the securities. At December 31, 2005, equity securities of $71,616 (2004 - $71,351) and warrants of $Nil (2004 - $28,039) were valued by the Board of Directors.

Investment in Affiliate

Investments in 20 to 50 percent owned companies where the Company has the ability to exercise significant influence are accounted for using the equity method.

Stock-Based Compensation Plans

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123." This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. On January 1, 2004, the Company voluntarily adopted the fair value based method of accounting for stock-based employee compensation under the prospective method described in SFAS No. 148. Under this method, the Company applies fair value accounting to all grants of employee stock options subsequent to December 31, 2003. Previously, the Company had applied the intrinsic value method when accounting for its stock-based compensation and continues to apply the intrinsic value method to stock-based compensation issued prior to January 1, 2004, whereby all stock options granted were at market value with no corresponding charges to compensation expense. SFAS No. 148 also amends the disclosure requirements of SFAS No. 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The following table provides the required disclosure for grants made prior to the Company's adoption of the prospective method described in SFAS No. 148 for the years ended December 31, 2005 and 2004.

NOTE 2 - Significant Accounting Policies, continued

Stock-Based Compensation Plans, continued

	2005	2004
Net income-as reported	$725,016	$2,064,683
Pro forma effect on net income of applying fair value accounting to all stock option grants, net of income taxes	(3,800)	(59,832)
Net income-pro forma	$721,216	$2,004,851
Net income per common share-pro forma:		
Basic	$0.11	$0.31
Diluted	$0.11	$0.29

No stock options were granted in 2005 or 2004.

Client Accounts Receivable
In accordance with brokerage industry practice, client transactions are entered into on either a cash or margin basis. In a margin transaction, the Company's brokerage subsidiary extends credit to a client for the purchase of securities, using the securities purchased and/or other securities in the client's account as collateral for the amounts loaned. Client accounts receivable represent amounts due from clients with negative investment account balances.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Direct Finance Leases
The Company enters into direct finance leases having predominantly three year's duration. Finance lease income is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease, for purposes of income recognition, is composed of net minimum lease payments and unearned finance income. A zero residual value is assumed on the leases and no funding costs are incurred.

NOTE 2 - Significant Accounting Policies, continued

Net Income per Common Share

The Company calculates basic net income per common share and net income per common share assuming dilution. Basic net income per common share is calculated by dividing net income attributable to common stockholders 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 stockholders by the weighted average number of common shares outstanding during the period, plus potential dilutive common shares. Options and warrants issued by the Company are considered potential dilutive common shares and are included in the calculation using the treasury stock method, unless their inclusion would be considered anti-dilutive. For the years ended December 31, 2005 and 2004, the Company had stock options to purchase 570,000 and 1,000,000 shares, respectively, that were not included in the dilutive net income per share calculation because the exercise price of these options was greater than the average market price of the common stock for the periods presented.

The following table sets forth the components used in the computation of basic and diluted net income per common share:

	2005	2004
Numerator:		
Net income	$ 725,016	$2,064,683
Denominator:		
Weighted average shares outstanding	$6,333,014	$6,442,865
Add – incremental shares from stock options	21,036	534,840
Weighted Average Shares Outstanding Assuming Dilution	$6,354,050	$6,977,705

Accounting Pronouncements

Variable Interest Entities

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (as amended in December 2003, "FIN 46"), an interpretation of Accounting Research Bulletin No. 51. FIN 46 expands upon and strengthens existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. A variable interest entity is any legal structure used for business purposes that either do not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity

NOTE 2 - Significant Accounting Policies, continued

Accounting Pronouncements, continued

Variable Interest Entities, continued

to support its activities. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to entities created before January 31, 2003 in the first fiscal year or interim period beginning after March 15, 2004. The effect of the adoption of this new accounting pronouncement did not have any impact on the Company's consolidated financial statements.

Share-Based Payments

In December 2004, the FASB finalized SFAS No. 123R, "Share-Based Payment," amending SFAS No. 123, effective beginning the Company's first quarter of fiscal 2006. SFAS 123R will require the Company to expense stock options based on grant date fair value in its financial statements. Further, adoption of SFAS No. 123R will require additional accounting related to income tax effects and additional disclosure regarding cash flow effects resulting from share-based payments arrangements. The effect of expensing stock options on the Company's results of operations using a Black-Scholes option-pricing model is presented in Note 2. The adoption of SFAS 123R will not effect the Company's cash flows or financial position, but may have an adverse impact on results of operations if options are granted in the future.

Exchange of Nonmonetary Assets

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets – an amendment for Accounting Principles Board ("APB") Opinion No. 29." This statement amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for the Company's fiscal year ended December 31, 2006. The Company is evaluating whether the adoption of SFAS No. 153 will have a material impact on the Company's consolidated financial position, liquidity, or results of operations.

NOTE 2 - Significant Accounting Policies, continued

Accounting Pronouncements, continued

Accounting Changes and Error Corrections

In May 2005, FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle. It also requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. The statement will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 will have a material effect on its consolidated financial position or results of operations.

Accounting for Certain Hybrid Financial Instruments

In February 2006, the FASB issued SFAS No. 155 "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140." SFAS 155 clarifies certain issues relating to embedded derivatives and beneficial interests in securitized financial assets. The provisions of SFAS 155 are effective for all financial instruments acquired or issued after fiscal years beginning after September 15, 2006. The Company does not expect the adoption of SFAS 155 will have a material effect on its consolidated financial position and results of operations.

Accounting for Servicing of Financial Assets

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets", which amends SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS 156 permits the choice of the amortization method or the fair value measurement method, with changes in fair value recorded in income, for the subsequent measurement for each class of separately recognized servicing assets and servicing liabilities. The statement is effective for years beginning after September 15, 2006, with earlier adoption permitted. The Company does not expect the adoption of this statement will have a material effect on the Company's consolidated financial position and results of operations.

NOTE 3 - Securities Owned

The Company's securities owned are as follows:

	2005	2004
Equities	$607,670	$590,315
Warrants	--	28,039
Total	$607,670	$618,354

NOTE 4 - Equity Investment in Yorkstreet Holdings Limited

	2005	2004
Yorkstreet Holdings Limited ("YHL")	$793,507	$786,809

The Company owns 127,750 (39.92%) ordinary shares of YHL and accounts for this investment using the equity method of accounting. The Company's share of net income of YHL for the year ended December 31, 2005 was $6,698 (2004 - $21,267) and is included in other income.

NOTE 5 - Property and Equipment

	2005	2004
Building	$ 8,559,374	$ 8,559,374
Freehold land	2,008,192	2,008,192
Computer hardware and software	2,747,377	2,737,288
Fixtures and fittings	552,328	701,227
Leasehold improvements	470,504	372,384
Machinery and equipment	602,469	574,093
	14,940,244	14,952,558
Accumulated depreciation	5,376,324	5,035,168
Net carrying amount	$ 9,563,920	$ 9,917,390

Depreciation expense for the year ended December 31, 2005 amounted to $500,311 (2004 - $589,368).

NOTE 6 - Common Stock and Additional Paid-in Capital

The Board of Directors has authorized the Company to purchase up to $1,000,000 of its own shares from existing stockholders at no fixed price per share and that the shares purchased be cancelled. 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 127,000 (2004 - 80,200) shares on the open market at an average price of $3.00 (2004 - $3.00) per share, for cash. These shares were subsequently cancelled.

NOTE 7 - Stock-Based Compensation Plans

The Company may grant stock options to executive and management personnel at its discretion. For stock options granted prior to 1999, the exercise price of each option was equal to the book price of the Company's stock on the date of grant with a one year vesting period. For stock options granted subsequently, there is a three year vesting period unless otherwise approved by the Board of Directors. The exercise price is greater or equal to the market value of the Company's stock on grant date. A summary of the status of the plan as of December 31, 2005 and 2004, and changes during the years then ended are presented below:

Directors' and Executive Stock Option Plan

	2005		2004	
	Number Of Stock Options	Weighted Average Exercise Price	Number Of Stock Options	Weighted Average Exercise Price
Outstanding – Beginning	1,545,000	$7.41	1,645,000	$7.14
Exercised	(25,000)	2.50	(75,000)	3.00
Forfeited	(790,000)	7.30	(25,000)	3.00
Outstanding, vested and exercisable – End	730,000	$7.69	1,545,000	$7.41

NOTE 7 - Stock-Based Compensation Plans - continued

Characteristics of Options Granted to Directors and Executives at December 31, 2005

Exercise Price Range	Outstanding Number of Shares	Weighted Average Life Remaining	Weighted Average Exercise Price	Exercisable Number of Shares	Weighted Average Life Remaining	Weighted Average Exercise Price
$2.50 to 2.88	125,000	0.27	$ 2.50	125,000	0.27	$ 2.50
2.89 to 2.99	105,000	1.00	2.89	105,000	1.00	2.89
9.50 to 10.00	500,000	0.87	10.00	500,000	0.87	10.00
Total	730,000	0.79	$ 7.69	730,000	0.79	$ 7.69

On January 9, 2006, the Board of Directors authorized that 105,000 stock options with an exercise price of $2.89 be extended for twelve months to expire on December 31, 2006.

On April 29, 2005, the Board of Directors authorized that 105,000 stock options with an exercise price of $2.89 and 40,000 stock options with an exercise price of $3.50 be extended for a further 12 months to expire on December 31, 2005. The incremental value as a result of the extension was not material to the Company's 2005 results of operations.

Employee Stock Option Plan

	2005		2004	
	Number Of Stock Options	Weighted Average Exercise Price	Number Of Stock Options	Weighted Average Exercise Price
Outstanding – Beginning	135,000	$3.38	165,000	$3.40
Exercised	--	--	(10,000)	3.50
Forfeited	(35,000)	3.50	(20,000)	3.50
Outstanding – End	100,000	$3.33	135,000	$3.38

NOTE 7 - Stock-Based Compensation Plans - continued

Characteristics of Options Granted to Employees at December 31, 2005

Exercise Price Range	Outstanding Number of Shares	Weighted Average Life Remaining	Weighted Average Exercise Price	Exercisable Number of Shares	Weighted Average Life Remaining	Weighted Average Exercise Price
$ 2.89 to 2.99	30,000	1.00	$2.89	30,000	1.00	$2.89
3.00 to 3.50	40,000	1.00	3.50	40,000	1.00	3.50
3.51 to 3.75	30,000	2.33	3.55	30,000	2.33	3.55
Total	100,000	1.48	$3.33	100,000	1.40	$3.33

On January 9, 2006, the Board of Directors authorized that 30,000 stock options for employees with an exercise price of $2.89 and 40,000 stock options for employees with an exercise price of $3.50 be extended for a further twelve months to expire on December 31, 2006.

On April 29, 2005, the Board of Directors authorized that 85,000 stock options for employees with an exercise price of $3.50 were extended for a further twelve months to expire on December 31, 2005. The incremental value, as a result of the extension, was not material to the Company's 2005 results of operation.

NOTE 8 - Stock Purchase Loans

During 2005, no loans were provided to employees (2004 - $35,000) to exercise employee stock options (2004 - 10,000 options). As of December 31, 2005, employee loans receivable related to stock purchases amounted to $37,500 (2004 - $115,797). The loans incur interest at LIBOR (4.90% at December 31, 2005) and are to be repaid over a four year period ending November 20, 2007. At December 31, 2005, common stock of the Company with a market value of $336,750 is held in an investment account as collateral for the loan.

NOTE 9 - Assets Under Administration

Cash, securities and properties held in the Company's role as custodian for customers are not included in the balance sheet as they are not the property of the Company. The fair value of assets under administration as of December 31, 2005 is $931,999,462 (2004 - $864,268,665).

NOTE 10 - Related Party Transactions

During the year, the Company earned broking fee revenue from directors and employees of approximately $120,000 (2004 - $350,000).

During the year, the Company had transactions with certain stockholders, some of whom are also directors and employees of the Company. These transactions consisted of commission expenses of $738,557 (2004 - $1,371,754) and referral fee expenses of $3,767 (2004 - $7,131).

The Company earned rent and service charge income of $17,633 per month from YHL and its related companies and $35,495 (2004 - $33,265) for information technology services of which $7,801 (2004 - $8,535) has not been repaid prior to year end. YHL is an investment management company controlled by the Company's chairman.

During the year, the Company paid $59,342 (2004 - $67,606) for corporate services provided by Waterstreet Corporate Services, a subsidiary of YHL. However, $24,092 (2004 - $24,686) of this amount was paid for government annual fees.

The Company earned management fees during the year of $842,340 (2004 - $789,621) from the LOM Sponsored Funds, of which $187,085 (2004 - $113,702) was receivable at year end.

The Company is administrator and custodian for the LOM Sponsored Funds. The Company received administration fees of $163,176 (2004 - $153,421) for these services.

NOTE 11 - Restricted Assets

The Company established an escrow account whereby funds were placed in a U.S. Dollar Money Market Fund at the Bank of Butterfield and used as collateral for a credit facility that secures the Company's credit card program for clients and employees. The fair value of these investments was $556,756 at December 31, 2004. The credit card limit available at December 31, 2004 was approximately $1,022,000 with the cash collateral requirement being 50%. This program was discontinued on November 19, 2005. The liability for the credit card facility was $243,815 at December 31, 2004.

The Company established a corporate credit card facility for certain employees in November 2005. The facility had credit card limits available of $120,000 and requires cash collateral of 100%. This collateral is held in a U.S. Dollar Money Market Fund at the Bank of Butterfield and the fair value of these investments was $120,288 at December 31, 2005. The liability for the corporate credit card facility was $25,417 at December 31, 2005.

NOTE 12 - Financial Instruments

The fair value of the Company's financial instruments approximate the carrying value as stated in the accompanying financial statements.

Credit Risk
The Company is potentially subject to concentrations of credit risk principally with 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 with high credit quality financial institutions, management believes that the risk of incurring losses with these financial instruments is remote and that such losses, if any, would not be material.

Liquidity Risk
The Company is potentially subject to liquidity risk with some of its securities owned. As a result, the Company may be unable to realize the full fair value of these securities.

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

NOTE 13 - Future Lease Payments

The Company leases office space in certain of its overseas operations. Future annual minimum lease payments are as follows:

For the Years Ending December 31	Amount
2006	$131,866
2007	111,286
2008	48,293
Total	$291,445

The rent expense was $187,074 and $147,167 for the years 2005 and 2004, respectively.

NOTE 14 - Income Taxes

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

NOTE 14 - Income Taxes, continued

Dividend income and certain sources of interest income are subject to withholding tax of varying rates and are shown net in the accompanying consolidated statements of income.

NOTE 15 - Direct Finance Leases

As of December 31, 2005, the Company's net investment in leases includes the following:

Future annual minimum lease payments receivable are as follows:

For the Years Ending December 31,	Amount
2006	$454,632
2007	266,104
2008	74,380
Total	795,116
Bad debt provision	(18,140)
Unearned income	(89,904)
Net Investment in Leases	$687,072

NOTE 16 - Commitments, Contingencies and Off-Balance Sheet Risk

Client Activities

In the normal course of business, the Company's client activities include execution, settlement, and financing of various client securities and commodities transactions. These activities may expose the Company to off-balance sheet risk in the event the client is unable to fulfill its contractual obligations.

The Company's client securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the client which is collateralized by cash and securities in the client's account. The Company seeks to control the risks 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.

NOTE 16 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Client Activities, continued

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.

Termination and Non-Compete Agreement

On July 1, 2005, Brian Lines voluntarily submitted his resignation as an officer, director and employee of the Company and its subsidiaries and affiliates. On that same day, the Company and Brian Lines executed a termination and non-compete agreement which provides for the Company to make payments of $35,000 per month for sixty (60) months through June 30, 2010. In addition, the Company is obligated to pay the full cost of health insurance for Brian Lines and his family for sixty (60) months through June 30, 2010 and fifty percent (50%) of the cost for an additional sixty (60) months through June 30, 2015.

The agreement contains non competition provisions that restrict the business activities of Brian Lines during the period July 1, 2005 through June 30, 2010. In addition, Brian Lines agreed to forgive any residual fees or other income that he may have been entitled to from the Company's customer accounts that he either managed or introduced to the Company. Since these provisions created an in-substance service condition, the Company will record compensation expense over sixty (60) months starting on July 1, 2005. The Company recorded employee compensation and benefit expenses of $215,202 in 2005 as a result of the agreement.

Legal Proceedings and Regulatory Inquiries

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.

NOTE 16 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Legal Proceedings and Regulatory Inquiries, continued
The securities business is subject to extensive regulation under securities law in Canada, the U.S. and other jurisdictions in which the Company has operations or business relations. 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's officers or employees, or other adverse consequences. The imposition of such penalties or orders on the Company could in turn have a material adverse effect on the Company's operating results and financial condition.

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

LOM Securities (Bermuda) Limited	$250,000
LOM Asset Management Limited	250,000
Lines Overseas Management Limited	250,000
LOM Securities (Cayman) Limited	25,000
LOM Securities (Bahamas) Limited	300,000

The above subsidiaries were in compliance with the net asset requirements as of December 31, 2005 and 2004. LOM Securities (Bermuda) Limited, LOM Asset Management, and Lines Overseas Management Limited are referred to as the "Bermuda regulated companies."

NOTE 17 - Regulatory Matters

Bermuda Monetary Authority Investigation
On June 23, 2003, the Bermuda Monetary Authority (the "BMA") notified the Company that it had appointed Deloitte & Touche as an inspector to undertake an investigation of the Bermuda regulated companies under Section 19 of the Investment Business Act 1998. The investigation was initiated as a result of certain allegations made by the United States Securities and Exchange Commission ("SEC") to the BMA regarding transactions in shares of Sedona Software Solutions Inc. ("Sedona"), a U.S. publicly-traded company.

The scope of the investigation was to establish the nature and full extent of the involvement of the Bermuda regulated companies, their executives, directors, clients and associates in connection with the trading in securities of Sedona and the related transactions involving Renaissance Mining Corp. ("RMC").

NOTE 17 - Regulatory Matters, continued

Bermuda Monetary Authority Investigation, continued
The inspectors concluded their report on September 16, 2004. The report was forwarded to the Company on September 19, 2005. The BMA had certain regulatory issues with the Bermuda regulated companies arising out of Sedona and related matters. Those issues were resolved to the satisfaction of the BMA by the Bermuda regulated companies having made changes to their management and control arrangements and having given undertakings to the BMA to further enhance their compliance regime and their management structure. The investigation under section 19 of the Investment Business Act 1998 has thus been concluded.

Securities and Exchange Commission Investigation
On January 15, 2003, LOMCP entered into an agreement with RMC, a U.S privately held company, to arrange a private placement financing on a best efforts basis for 2 million shares of stock at $3 per share, subject to satisfactory completion of due diligence. On January 17, 2003, Sedona announced that it had signed a Letter of Intent with RMC to enter into a reverse merger transaction whereby Sedona would acquire all of the issued and outstanding common shares of RMC and change its name to Renaissance Mining Holding Corp. LOMCP was mentioned in the press release as the investment banker for RMC.

On January 23, 2003, LOML was contacted by the SEC with respect to an investigation of trading in securities issued by Sedona, and the related transaction involving RMC. On January 29, 2003, the SEC suspended trading in the securities of Sedona because of questions concerning the accuracy and completeness of information about Sedona on internet websites, in press releases, and in other sources publicly available to investors concerning, among other things, Sedona's planned merger with RMC. On February 4, 2003, LOMCP withdrew its offer to serve as RMC's investment banker in the private placement transaction. On February 5, 2003, LOMB froze $975,870 in a customer account under control of two officers of that company which represented the net proceeds from the sale of approximately 160,000 shares of Sedona stock which were sold between January 21, 2003 and January 27, 2003.

On March 17, 2003, the SEC made a request of LOML and certain of its senior officers, seeking voluntary interviews and the production of documents relating to securities transactions involving LOML, Sedona and RMC. On April 29, 2003 LOML, voluntarily provided certain information requested by the SEC. Certain documents were provided in redacted form because LOML, and its attorneys, believed that disclosure of this information was prohibited under the laws of Bermuda, Bahamas and Cayman.

On April 20, 2004, the SEC served two administrative subpoenas on LOML in connection with the Sedona investigation. These subpoenas were served on Scott Lines, Managing Director of LOML, while he was traveling through the U.S. On June 9, 2004 the SEC sought judicial enforcement of the subpoenas in the U.S. District Court for the District of Columbia. The case was assigned to a federal judge in Washington, D.C., who referred the matter to a federal magistrate on June 16, 2004.

NOTE 17 - Regulatory Matters, continued

Securities and Exchange Commission Investigation, continued
On June 10, 2004 as part of their subpoena enforcement action, the SEC filed public documents which included the following allegations:

a. Allegations that LOMCP permitted RMC to use its name in the headline and text of a RMC press release; and the press release touted LOMCP's role in the private placement as RMC's investment banker but failed to disclose that Brian and Scott Lines allegedly controlled 99% of Sedona's outstanding shares and as a result stood to profit enormously from the completion of the RMC/Sedona reverse merger transaction.

b. Allegation that LOML made numerous changes to its internal records concerning Sedona stock, and that these changes had the effect of concealing Brian and Scott Lines' significant ownership and control over Sedona's outstanding shares.

c. Allegations that LOML, Brian Lines and two clients engaged in an unlawful scheme to manipulate the stock of another U.S. publicly-traded company, SHEP Technologies, Inc. ("SHEP"); the SEC believes that they used nominees to obtain secret control of over 88% of SHEP's outstanding shares on behalf of the Canadian clients, who have accounts at LOM Securities (Cayman) Limited and LOM Securities (Bahamas) Limited. It is also alleged that they instructed a U.S. lawyer to file with the SEC false ownership reports on behalf of the Canadian clients and provide false information to the issuer who then included this false information in public filings in the U.S. Finally, it is alleged that shares were transferred out of the accounts of the Canadian clients to pay U.S. residents to tout the stock of SHEP by issuing favourable reports disseminated in the U.S.; and using LOML's accounts at U.S. brokerage firms, Brian and Scott Lines personally sold nearly one million shares and its client's two million shares on the U.S. market into the ensuing demand caused by the public dissemination of the touts.

The magistrate judge issued a decision enforcing the SEC's subpoenas on January 7, 2005. On January 3, 2006, the federal district judge issued an order, which superseded and amended a similar order issued on December 30, 2005, enforcing the magistrate judge's order and instructing the Company and one of its officers, Scott Lines, to comply with the terms of the administrative subpoenas served on April 20, 2004.

In response to the federal district judge's order, the Company sought permission from the Bermuda Supreme Court to release certain information requested by the subpoenas. On January 16, 2006, the Bermuda Supreme Court granted permission for most documents to be released; however it enjoined the Company from producing documents involving the interviews of the Company's staff on behalf of the BMA and certain personal and privileged information contained in telephone conversations of Brian Lines. On March 23, 2006, the Court of Appeal in Bermuda further limited the documents that could be released and enjoined the Company from producing documents involving any telephone conversations of Brian Lines.

NOTE 17 - Regulatory Matters, continued

Securities and Exchange Commission Investigation, continued

As a result, the Company has produced certain responsive documents, consistent with its interpretation of the restrictions imposed by the Bermuda courts, to the SEC pursuant to the administrative subpoenas. In addition, Scott Lines appeared for oral testimony to the SEC during the week of March 27, 2006.

In addition to the court proceedings described above, on June 24, 2005, the Company received a letter from the SEC's Division of Enforcement indicating that it intended to recommend that the Commission take civil enforcement action against the Company. On June 29, 2005, the Company filed a response to the SEC and conveyed a settlement offer, which it requested be transmitted directly to the Commissioners of the SEC. As of April 18, 2006, the Company has received no response from the SEC regarding its settlement offer and has not been advised whether that offer has been transmitted to Commissioners of the SEC.

As of April 18, 2006, the SEC has not filed any formal charges against the Company for violations of federal securities laws. It is not possible to predict when the SEC's investigation will be completed and what, if any, actions may be taken by the SEC and the effect thereof on the Company. There are a broad range of sanctions that the SEC could seek through court litigation to impose upon the Company including, but not limited to, injunctive relief, fines, penalties and limitations on business operations in the United States of America, as well as disgorgement and civil charges against the individuals involved. An adverse outcome could result in material adverse consequences to the Company. While there can be no assurances, the Company believes that the final outcome of the SEC investigation should not impact the Company's ability to continue as a going concern.

The accompanying consolidated financial statements include an accrual of the civil penalty amount offered to the SEC in the amount of $600,000. No other amounts have been recorded in the accompanying consolidated financial statements that might result from the resolution of the above described uncertainties.

NOTE 18 – Subsequent Event

On March 21, 2006, the directors of the Company declared a special dividend in the amount of $1.00 per share paid April 7, 2006 to the stockholders of record as of March 31, 2006.

NOTE 19 - 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. The Company evaluates each segment's performance based on its contribution to consolidated net income.

Measurement of Segment Income and Segment Assets
The Company evaluates performance based on 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.

Segment Information
Reconciliation of revenue, total assets, operating expenses and net income

	2005	2004
Revenues		
Total revenues for reportable segments	$15,000,635	$20,218,818
Net gain on securities	130,814	95,074
Net interest revenue	1,733,521	1,807,461
Elimination of intersegment revenues	(3,950,875)	(4,747,755)
Total Consolidated Revenues	$12,914,095	$17,373,598
Operating Expenses		
Total operating expenses for reportable segments	$16,130,229	$20,054,354
Elimination of intersegment operating expenses	(3,950,876)	(4,747,755)
External foreign exchange loss	9,726	2,316
Total Consolidated Operating Expenses	$12,189,079	$15,308,915
Net Income		
Total net income for reportable segments	$ 4,650,016	$ 7,764,683
Elimination of intersegment net income	(3,925,000)	(5,700,000)
Total Consolidated Net Income	$ 725,016	$ 2,064,683

NOTE 19 - Segment Information, continued

	2005	2004
Assets		
Total assets for reportable segments	$ 44,529,623	$ 44,317,531
Elimination of group investments	(17,272,896)	(16,688,533)
Consolidated Total	$ 27,256,727	$ 27,628,998

Intersegment revenue relates to recharges. These are charged at current market price. Revenues from segments below the quantitative thresholds for disclosure prescribed by accounting principles generally accepted in the United States of America are attributable to two operating segments. These segments include a corporate finance operation.

NOTE 19 - Segment Information, continued

2005	Brokerage: LOM Securities (Bermuda) Limited	Brokerage: LOM Securities (Cayman) Limited	Brokerage: LOM Securities (Bahamas) Limited	LOM Asset Management Limited	Lines Overseas Management Limited	LOM (Holdings) Limited	LOM Properties Limited	Other	Total
Revenues from external customers	$1,797,552	$2,601,360	$3,466,044	$1,145,245	$1,184,143	$ 25,860	$ 535,126	$ 294,431	$11,049,761
Intersegment revenue	$ 41,916	$ 10,161	$ 32,099	$ 149,706	$1,398,370	$ --	$ 574,029	$1,744,595	$ 3,950,876
Total revenue	$1,839,468	$2,611,521	$3,498,143	$1,294,951	$2,582,513	$ 25,860	$1,109,155	$2,039,026	$15,000,637
Interest revenue	$ 28,938	$ 11,154	$ 27,415	$ 233	$1,538,073	$ 200	$ 231	$ 127,277	$ 1,733,521
Depreciation	$ --	$ 27,890	$ 15,963	$ --	$ --	$ --	$ 306,666	$ 149,792	$ 500,311
Gain (loss) on securities	$ 71,038	$ (446)	$ --	$ 10,417	$ 87,811	$ --	$ --	$ (38,006)	$ 130,814
Operating expenses	$2,409,665	$2,326,055	$2,263,474	$1,412,147	$4,230,765	$ 498,388	$ 853,800	$2,135,935	$16,130,229
Segment income (loss)	$ (462,256)	$ 297,647	$1,262,424	$ (105,993)	$ (39,854)	$ 3,452,651	$ 255,586	$ (10,189)	$ 4,650,016
Segment assets	$1,611,537	$ 412,112	$ 511,684	$ 465,188	$2,898,158	$27,798,094	$9,520,772	$1,312,078	$44,529,623

2004	Brokerage: LOM Securities (Bermuda) Limited	Brokerage: LOM Securities (Cayman) Limited	Brokerage: LOM Securities (Bahamas) Limited	LOM Asset Managemen t Limited	Lines Overseas Managemen t Limited	LOM (Holdings) Limited	LOM Properties Limited	Other	Total
Revenues from external customers	$3,624,807	$3,977,505	$4,490,816	$1,016,627	$1,633,286	$ 34,042	$ 466,951	$ 227,029	$15,471,063
Intersegment revenue	$ 37,602	$ 17,809	$ 1,958	$ 233,366	$2,331,845	$ --	$ 615,153	$1,510,023	$ 4,747,756
Interest revenue	$ 11,108	$ 14,027	$ 22,866	$ 177	$1,632,202	$ 404	$ 394	$ 126,283	$ 1,807,461
Depreciation	$ --	$ 24,709	$ 32,839	$ --	$ --	$ --	$ 302,800	$ 229,020	$ 589,368
Gain (loss) on securities	$ 57,449	$ 393	$ 102	$ --	$ 17,918	$ --	$ --	$ 19,212	$ 95,074
Operating expenses	$4,297,163	$2,922,138	$3,085,477	$1,520,667	$4,806,674	$ 732,475	$ 832,445	$1,857,315	$20,054,354
Segment income (loss)	$ (557,577)	$1,087,594	$1,429,928	$ (270,678)	$ 794,944	$ 5,001,842	$ 250,053	$ 28,577	$ 7,764,683
Segment assets	$1,473,201	$ 829,391	$1,072,155	$ 259,639	$4,243,646	$25,225,917	$9,716,336	$1,497,246	$44,317,531

NOTE 19 - Segment Information, continued

Geographic Split

2005	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$4,982,357	$2,601,360	$3,466,044	$11,049,761
Property, plant and equipment	$9,439,430	$ 109,529	$ 14,961	$ 9,563,920

2004	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$7,002,742	$3,977,505	$4,490,816	$15,471,063
Property, plant and equipment	$9,847,898	$ 36,158	$ 33,334	$ 9,917,390

Geographic split is disclosed by location of business.

NOTE 20 - Supplementary Information - Five Year Comparison Table

Data contained in this note for the years ended December 31, 2000 through December 31, 2003 was not audited by Marcum & Kliegman LLP.

Income Statement Data – For the Year Ended December 31

	2005	2004	2003	2002	2001
Net-interest income	$ 1,733,522	$ 1,807,461	$ 1,386,638	$ 1,102,989	$ 1,908,676
Fees and other income	11,180,573	15,566,137	15,757,309	10,686,456	10,342,837
Operating expenses	(12,189,079)	(15,308,915)	(14,000,360)	(11,589,019)	(12,045,054)
Net Income	$ 725,016	$ 2,064,683	$ 3,143,587	$ 200,426	$ 206,459

NOTE 20 – Supplementary Information - Five Year Comparison Table, continued

Balance Sheet Data – As of December 31

	2005	2004	2003	2002	2001
Cash, cash equivalents and restricted cash	$15,035,237	$14,943,958	$13,344,790	$ 8,350,524	$ 9,063,295
Securities owned	$ 607,670	$ 618,354	$ 319,692	$ 2,102,714	$ 1,434,108
Property and equipment, net	$ 9,563,920	$ 9,917,390	$10,216,909	$10,614,225	$10,941,680
Total assets	$27,256,727	$27,628,998	$26,058,378	$23,311,625	$23,617,501
Stockholders' equity	$25,326,894	$25,474,068	$24,151,642	$22,194,540	$22,026,031

Financial Ratios – As of December 31

	2005	2004	2003	2002	2001
Debt-equity ratio	7.6%	8.5%	7.9%	5.0%	7.2%
Return on equity	2.9%	8.1%	13.0%	0.9%	0.9%
Return on assets	2.7%	7.4%	12.1%	0.9%	0.9%