LOM (HOLDINGS) LIMITED
(INCORPORATED IN BERMUDA)

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

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

LOM (HOLDINGS) LIMITED

CONTENTS

MARCUM
ACCOUNTANTS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LOM (Holdings) Limited

We have audited the consolidated balance sheets of LOM (Holdings) Limited and Subsidiaries as of December 31, 2009 and 2008, and the related statements of operations, changes in stockholders' equity, comprehensive loss, 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 LOM (Holdings) Limited as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 17 to the consolidated financial statements, the United States Securities and Exchange Commission ("SEC") commenced an investigation of the Company and certain senior officers on January 23, 2002. On December 19, 2007, the SEC filed civil charges against the Company, a senior officer and a former senior officer alleging violations of the United States securities laws. The Company denies the charges and has retained legal counsel to defend itself. In the Complaint filed in the United States District Court Southern District of New York, the SEC has requested the Company be enjoined from further violations of securities laws, pay civil fines, and be permanently barred from participating in the United States penny stock market. Management has accrued a liability in the accompanying consolidated financial statements for the estimated legal fees and other associated costs to defend and resolve the matter in the amount of $1.688 million and $1.619 million at December 31, 2009 and 2008, respectively.

MARCUMGROUP
MEMBER

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NEW YORK ■ NEW JERSEY CONNECTICUT ■ PENNSYLVANIA FLORIDA ■ GRAND CAYMAN

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information contained in the five year comparison table in Note 19 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the information for 2009, 2008, 2007, 2006 and 2005 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcum LLP

Melville, NY
April 27, 2010

LOM (HOLDINGS) LIMITED

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

DECEMBER 31, 2009 AND 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 4,276,008	$ 3,409,556
Restricted cash	--	135,626
Securities owned (cost: 2009 - $3,366,733 2008 – $3,570,925)	4,953,207	4,979,635
Other receivables	144,756	1,153,643
Employee loans receivable	1,194,919	1,238,605
Due from related parties	12,027	7,245
Prepaid expenses	225,546	332,447
Investment in Yorkstreet Holdings Limited – equity method	967,141	867,565
Property and equipment, net	9,447,224	9,709,480
Total Assets	$21,220,828	$21,833,802
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable and accrued liabilities	$ 616,142	$ 659,120
Accrued health insurance benefits	35,847	57,136
Accrued legal fees and litigation expenses	1,688,426	1,619,153
Total Liabilities	2,340,415	2,335,409
Commitments and Contingencies		
Stockholders' Equity		
Common shares, par value $0.10 per share; 20,000,000 shares authorized, and 6,257,450 (2008 - 6,292,500) shares issued and outstanding	625,745	629,250
Additional paid-in capital	3,594,710	3,709,651
Loans receivable for issuance of common stock	(172,250)	(177,100)
Retained earnings	14,832,208	15,334,455
Accumulated other comprehensive income	--	2,137
Total Stockholders' Equity	18,880,413	19,498,393
Total Liabilities and Stockholders' Equity	$21,220,828	$21,833,802

Approved by the Board of Directors:

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Director Director

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

LOM (HOLDINGS) LIMITED

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

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Revenues		
Broking fee income	$3,844,676	$4,508,030
Management and investment advisory fees including related party management fees of $906,910 in 2009 and $1,025,033 in 2008	1,466,482	1,689,816
Net interest income, net of interest expense of $84,079 in 2009 and $743,202 in 2008	631,373	1,239,978
Rental income, including related party rent of $216,967 in both 2009 and $211,600 in 2008	682,659	667,268
Other income	224,825	461,249
Income (loss) recorded under the equity method	101,713	(12,777)
Foreign exchange income, net	526,288	619,887
Net trading gains (loss) on securities owned	394,406	(484,787)
Corporate finance income	59,597	5,572
Administration and custody fees	82,470	92,608
Total Revenues	8,014,489	8,786,844
Operating Expenses		
Employee compensation and benefits	3,171,043	3,830,028
Commissions and referral fees	1,673,638	2,097,572
Computer and information services	732,532	747,928
Depreciation and amortization of property and equipment	408,388	410,939
Recovery of legal fees	--	(950,000)
Jitney fees	577,253	674,778
Professional fees	402,723	554,013
Occupancy	669,893	763,251
Administration	284,673	524,662
Insurance	213,013	193,879
Bad debt recovery	(50)	(3,490)
Custodial charges	404,905	472,493
Net foreign exchange transaction (gains) losses	(83,747)	236,305
Total Operating Expenses	8,454,264	9,552,358
Net Loss	$ (439,775)	$ (765,514)
Net Loss Per Common Share		
Basic and diluted	$(0.07)	$(0.12)
Weighted Average Common Shares Outstanding:		
Basic and diluted	6,269,002	6,347,005

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

LOM (HOLDINGS) LIMITED

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

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Common Stock							
	Shares	Amount	Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Total	Total Comprehensive Loss
Balance – January 1, 2008	6,422,000	$642,200	$4,187,206	$(215,860)	$16,987,219	$ 279,181	$21,879,946	
Net loss	--	--	--	--	(765,514)	--	(765,514)	$ (765,514)
Comprehensive loss from investment recorded under the equity method	--	--	--	--	--	(277,044)	(277,044)	(277,044)
Total Comprehensive Income								$(1,042,558)
Repurchase and retirement of common stock	(129,500)	(12,950)	(487,299)	--	--	--	(500,249)	
Payment of loans receivable for issuance of common stock	--	--	--	21,610	--	--	21,610	
Stock based compensation	--	--	9,744	--	--	--	9,744	
Dividends declared	--	--	--	17,150	(887,250)	--	(870,100)	
Balance – December 31, 2008	6,292,500	$629,250	$3,709,651	$(177,100)	$15,334,455	$ 2,137	$19,498,393	

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS, continued
(Expressed in U.S. Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Common Stock							
	Shares	Amount	Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Total	Total Comprehensive Loss
Balance – January 1, 2009	6,292,500	$629,250	$3,709,651	$(177,100)	$15,334,455	$ 2,137	$19,498,393	
Net loss	--	--	--	--	(439,775)	--	(439,775)	$ (439,775)
Comprehensive loss from investment recorded under the equity method	--	--	--	--	--	(2,137)	(2,137)	(2,137)
Total Comprehensive Income								$(441,912)
Repurchase and retirement of common stock	(35,050)	(3,505)	(124,685)	--	--	--	(128,190)	
Payment of loans receivable for issuance of common stock	--	--	--	3,650	--	--	3,650	
Stock based compensation	--	--	9,744	--	--	--	9,744	
Dividends declared	--	--	--	1,200	(62,472)	--	(61,272)	
Balance – December 31, 2009	6,257,450	$625,745	$3,594,710	$(172,250)	$14,832,208	$ --	$18,880,413	

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

LOM (HOLDINGS) LIMITED

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

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities		
Net loss	$ (439,775)	$ (765,514)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	408,388	410,939
Unearned income on direct finance leases	--	71
Stock based compensation expense	9,744	9,744
Net (income) loss from equity method investments	(101,713)	12,777
Dividends received from equity method investments	--	19,163
Net trading (gain) loss on securities	(394,406)	484,787
Changes in operating assets and liabilities:		
Securities owned, net	420,834	(574,971)
Other receivables	1,008,887	(592,087)
Direct finance lease receivable	463	71,142
Employee loans receivable	43,686	(267,743)
Due from related parties	(4,782)	900
Prepaid expenses	106,438	(66,586)
Accounts payable and accrued liabilities	(42,978)	(272,116)
Accrued health insurance benefits	(21,289)	(7,567)
Accrued legal fees and litigation expenses	69,273	(1,336,601)
Total Adjustments	1,502,545	(2,108,148)
Net Cash Provided by (Used in) Operating Activities	1,062,770	(2,873,662)
Cash Flows From Investing Activities		
Purchase of property and equipment	(146,132)	(781,540)
Proceeds from sale of property and equipment	--	6,345
Restricted cash	135,626	(3,680)
Net Cash Used in Investing Activities	(10,506)	(778,875)
Cash Flows From Financing Activities		
Repurchase of common stock	(128,190)	(500,249)
Proceeds from loan receivable for issuance of common stock	3,650	21,610
Dividends paid	(61,272)	(870,100)
Net Cash Used in Financing Activities	$ (185,812)	$ (1,348,739)

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

LOM (HOLDINGS) LIMITED

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

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Net Increase (Decrease) in Cash and Cash Equivalents	$ 866,452	$(5,001,276)
Cash and Cash Equivalents - Beginning	3,409,556	8,410,832
Cash and Cash Equivalents - Ending	$ 4,276,008	$ 3,409,556
Supplemental Disclosure of Cash Flow Information		
Interest paid	$84,079	$743,202
Non-Cash Investing and Financing Activities:		
Dividends paid during the year, offset against loans receivable for issuance of common stock	$ 1,200	$ 17,150

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

NOTE 1 - NATURE OF BUSINESS

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

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

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

LOM International Holdings Limited, a Bahamian company, was incorporated in the Commonwealth of the Bahamas in 2005 to hold the LOM Group of Companies non-Bermuda subsidiaries. LOM Securities (Cayman) Limited and LOM (UK) Limited are wholly owned subsidiaries of LOM International Holdings Limited. Unlike Holdings, 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 Securities (Cayman) Limited was incorporated in 1995 under the laws of the Cayman Islands as an exempt company with limited liability and is regulated by the Cayman Islands Monetary Authority. On November 27, 1995, LOM Securities (Cayman) Limited 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 was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Securities Commission of the Bahamas. LOM Securities (Bahamas) Limited is domiciled in the Bahamas and is engaged in a single line of business as a Bahamian broker-dealer, which comprises several classes of service, including principal transactions, agency transactions and the provision of investment advisory services.

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

NOTE 1 - NATURE OF BUSINESS (CONTINUED)

Lines Overseas Management Limited ("LOML") was incorporated in 1992, to provide custody, settlement 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 Holdings in Bermuda.

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

LOM Services Limited, a Bermuda company, was incorporated in 2003 to provide information technology and client services to the LOM Group of Companies and external clients.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BROKING FEE INCOME AND JITNEY FEES

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

MANAGEMENT AND INVESTMENT ADVISORY FEES

The LOM Group of Companies receives management fees and investment advisory fees for managing assets on a discretionary basis for both private and institutional clients and earns management 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 traded 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 Money Market Fund Limited
- LOM Fixed Income Fund Limited
- LOM Global Equity Fund Limited
- LOM Balanced Fund Limited

FOREIGN EXCHANGE INCOME, NET

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

CORPORATE FINANCE INCOME

Corporate finance income 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. Corporate finance income for 2009 amounted to $59,597 (2008 $5,572).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADMINISTRATION AND CUSTODY FEES

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

NET INTEREST INCOME

Net interest income is a combination of interest earned on or paid to clients based on their daily cash balances and interest received or paid on the Company's cash balances from and to brokers, custodians, related parties (see Note 4), and direct finance leases. Interest income for 2009 amounted to $715,452 (2008- $1,983,180). Interest expense for 2009 amounted to $84,079 (2008 - $743,202).

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 includes rent from related parties and is recorded on an accrual basis. (See Note 11)

ACCRUED LEGAL FEES AND LITIGATION EXPENSES

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

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statement of cash flows, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

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

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

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

UNCLAIMED CASH AND SECURITIES

Client funds received and unclaimed after a three-year period are included as income under the category of broking fees. Securities received and unclaimed after a five-year period are sold and included as income under the category of broking fees. During 2009, the amount of unclaimed cash and proceeds from the sale of unclaimed securities included in income was $9,370 (2008 - $48,019).

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Company has adopted U.S. Dollars as its functional currency for Holdings 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

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

SECURITIES OWNED

Securities owned are investments such as bonds and equities that are both marketable and non-marketable. These investments consist of trading investments, securities received as income from corporate finance transactions, privately held securities, and other strategic investments. Realized and unrealized gains or losses for trading securities and strategic investments are reflected in earnings for the year and are reflected as net trading gains and losses in the consolidated statements of operations. Realized gains or losses are based on the average cost method of securities purchased and sold. Security transactions are recorded on a trade date basis. Marketable securities are valued at the last reported sales price on the principal market in which the investments trade on the date of valuation. Where there are no sales on that day, the mid-market prices are used. For securities with no readily available market price or where the security is restricted, the securities are recorded at the estimated fair value in accordance with U.S. GAAP and as determined by management and the Board of Directors, generally by reference to market prices and other analytics for securities traded in ready markets for similar companies. The use of different assumptions or valuation techniques could produce materially different estimates of fair value. Non-marketable equity securities consist of privately held securities of $2,614,950 which were valued by management as of December 31, 2009 (2008 - $2,574,635) (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 is held at fair value, the Company considers other U.S. GAAP, as required, in determining (i) consolidation of the entity if the Company’s ownership interests comprise a majority of its outstanding voting stock or otherwise control the entity, or (ii) application of the equity method of accounting if the Company does not have direct or indirect control of the entity, with the initial investment carried at cost and subsequently adjusted for the Company’s share of net income or loss and cash contributions and distributions to and from these entities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS RECORDED UNDER THE EQUITY METHOD (CONTINUED)

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.

ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income represents the Company’s proportional share of items of other comprehensive loss related to the Company’s investments recorded under the equity method of accounting. For the years ended December 31, 2009 and 2008, other comprehensive loss represents unrealized losses on investments recorded under the equity method of accounting (see Note 5).

STOCK-BASED COMPENSATION PLANS

The Company accounts for stock-based compensation under the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, “Compensation – Stock Compensation”, which requires the recognition of the fair value of stock-based compensation. Under the fair value recognition provisions for ASC Topic 718, stock-based compensation is estimated at the grant date based on the fair value of the awards expected to vest and recognized as expense ratably over the requisite service period of the award. The Company uses the Black-Scholes valuation model to estimate fair value of stock-based awards, which requires various assumptions including estimating stock price volatility, forfeiture rates and expected life.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

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

CONCENTRATION OF CREDIT RISK

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

USE OF ESTIMATES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

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

NET LOSS PER COMMON SHARE

The Company calculates basic net loss per common share and diluted net loss per common share assuming dilution. Basic net loss per common share is calculated by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is calculated by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period, plus potential dilutive common shares. Options issued by the Company are considered potential dilutive common shares and are included in the calculation using the treasury stock method, unless their inclusion would be considered anti-dilutive. Securities that could potentially dilute basic net income per common share in the future, that were not included in the computation of both the 2009 and 2008 diluted net loss per common share because to do so would have been anti-dilutive, consist of 1,375,000 options to purchase common stock. For the years ended December 31, 2009 and 2008, the weighted average common shares basic and diluted were the same.

SECURITIES SOLD SHORT

The Company may sell a security it does not own in anticipation of a decline in fair value of the security, or as a hedge against similar securities owned. When the Company sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. Obligations related to securities sold short are recorded as a liability at fair value. Realized and unrealized gains and losses are recorded in net trading losses/gains 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. Since the Company did not hold a significant portfolio of securities sold short, the amounts are included in accounts payable and accrued expenses due to their lack of materiality.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

FASB issued SFAS No. 141(R) "Business Combinations" as codified in ASC 805 "Business Combinations" ("ASC 805") which establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including non-controlling interests, contingent consideration, and certain acquired contingencies. It also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. ASC 805 was effective for the Company January 1, 2009. The adoption of ASC 805 had no impact on the Company's 2009 results.

FASB issued SFAS No.160, "Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51" as codified in ASC 810 "Consolidation" ("ASC 810"). ASC 810 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interests). ASC 810 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of ASC 810, the Company would be required to report any noncontrolling interests as a separate component of consolidated stockholders' equity. The Company would also be required to present any net income allocable to noncontrolling interests and net income attributable to the stockholders of the Company separately in its consolidated statements of income. ASC 810 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. ASC 810 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of ASC 810 shall be applied prospectively. ASC 810 would have an impact on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses acquired in the future.

The FASB has issued Accounting Standard Update ("ASU") No. 2010-01, "Equity (Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash". This ASU clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in earnings per share prospectively and is not a stock dividend. ASU 2010-01 is effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of this standard did not have any impact on the Company's consolidated financial position and results of operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

FASB has issued ASU No. 2010-02, "Consolidation (Topic 810) – Accounting and Reporting for Decreases in Ownership of a Subsidiary - A Scope Clarification". This ASU clarifies that the scope of the decrease in ownership provisions of Subtopic 810-10 and related guidance and also clarifies that the decrease in ownership guidance in Subtopic 810-10 does not apply to: (*a*) sales of in substance real estate; and (*b*) conveyances of oil and gas mineral rights, even if these transfers involve businesses. The amendments in this ASU also expand the disclosure requirements about deconsolidation of a subsidiary or derecognition of a group of assets. ASU 2010-02 is effective January 1, 2010. The adoption of this accounting standard will have an effect on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses acquired in the future.

FASB has issued ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements". This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. ASU 2010-06 amends Codification Subtopic 820-10 and now requires a reporting entity to use judgment in determining the appropriate classes of assets and liabilities and to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, as this standard relates specifically to disclosures, the adoption will not have an impact on the Company's consolidated financial position and results of operations.

FASB has issued ASU 2009-17, "Consolidations (Topic 810) - Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities". ASU 2009-17 changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. This determination is based on, among other things, the other entity's purpose and design and the Company's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. ASU 2009-17 is effective at the start of the Company's first fiscal year beginning after November 15, 2009. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position and results of operations.

(Expressed in U.S. Dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

FASB issued SFAS No. 168, "The FASB Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles" ("SFAS 168"), which is codified in ASC 105 "Generally Accepted Accounting Principles" ("ASC 105"), a replacement of SFAS No. 162. ASC 105 establishes the codification as the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. ASC 105 is effective for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 had no material impact the Company's consolidated financial position or results of operations.

FASB has issued ASU 2009-16, "Transfers and Servicing (Topic 860) - Accounting for Transfers of Financial Assets" ("ASU 2009-16"). ASU 2009-16 will require more information about transfers of financial assets, including securitization transactions, eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets. ASU 2009-16 is effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009. The adoption of ASU 2009-16 is not expected to have a material impact on the Company's consolidated financial position and results of operations.

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS

Securities owned consist of the following:

	2009	2008
Marketable Securities:		
Equities	$2,338,257	$2,405,000
Privately Held Securities:		
Equities	2,614,950	2,574,635
Total	$4,953,207	$4,979,635

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (CONTINUED)

Included in privately held securities is the Company's investment in the Bermuda Stock Exchange ("BSX") which amounts to approximately 19% of the outstanding shares valued at approximately $2,096,650 as of December 31, 2009 and 2008. The stock of the BSX is not traded in an active market and management has estimated the fair value by using a combination of discounted cash flow models and price to sales ratios of publicly-traded securities exchanges as well as other factors.

FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" as codified in ASC 820. ASC 820 clarifies the definition of fair value, establishes a framework for measurement of fair value and expands disclosure about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 applies to all financial instruments that are measured and reported on a fair value basis.

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

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

Income Approach
The income approach uses valuation techniques to convert future values (i.e. cash flows, or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value computations, option pricing models and a binomial model. In following these approaches, the types of factors the Company may take into account in estimating fair value include: available current market data, including relevant and applicable market quotes, yields and multiples, quotations received from counterparties, brokers or dealers when considered reliable, subsequent rounds of financing, recapitalizations and other recent transactions in the same or similar instruments, restrictions on disposition, the entity's current or projected earnings and discounted cash flows, the market in which the entity does business, comparisons of financial ratios of peer companies that are public, merger and acquisitions comparables and the principal market and enterprise values, among other factors.

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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 private 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:

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 - Observable inputs that reflect quoted market prices are available in active markets for identical assets or liabilities as of the reporting date. The types of investments in Level 1 include listed equities and monetary gold.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments in this category include less liquid and restricted equity securities and securities in markets for which there are few transactions (non-active markets).

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Investments in this category include investments in private companies.

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

When determination is made to classify a financial instrument within Level 3, the determination is based upon the lack of significance of the observable parameters to the overall fair value measurement. However, the fair value determination for Level 3 financial instruments may include observable components. The following are the Company’s major categories of assets measured at fair value on a recurring basis at December 31, 2009 and 2008, categorized by the ASC 820 fair value hierarchy:

(Expressed in U.S. Dollars)

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at December 31, 2009 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Marketable securities	$524,541	$1,813,716	$ --	$2,338,257
Privately held securities	--	--	2,614,950	2,614,950
Total Assets	$524,541	$1,813,716	$2,614,950	$4,953,207

	Fair Value Measurements at December 31, 2008 Using:			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Marketable securities	$793,221	$1,611,779	$ --	$2,405,000
Privately held securities	--	--	2,574,635	2,574,635
Total Assets	$793,221	$1,611,779	$2,574,635	$4,979,635

(Expressed in U.S. Dollars)

NOTE 3 - SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2009 and 2008:

Description	Privately Held Securities
Assets:	
Balance, January 1, 2009	$2,574,635
Purchases	9,830
Sales	(66,351)
Total gains, net included in earnings	96,836
Transfers in and/or out of Level 3	--
Balance, December 31, 2009	$2,614,950
Changes in unrealized gains relating to investments still held at December 31, 2009	$ 53,890
Assets:	
Balance, January 1, 2008	$2,321,865
Purchases	68,246
Sales	--
Total gains, net included in earnings	184,524
Transfers in and/or out of Level 3	--
Balance, December 31, 2008	$2,574,635
Changes in unrealized gains relating to investments still held at December 31, 2008	$ 184,524

(Expressed in U.S. Dollars)

NOTE 4 - EMPLOYEE LOANS RECEIVABLE

In April 2008 the Company issued a mortgage for $1,268,679 to an officer of the Company. The mortgage is secured by property owned by St. Georges Trust Company Limited, an affiliated entity, and by a guarantee from an officer of the Company in the total amount of the mortgage note. The mortgage bears interest at U.S. Dollar 3 month LIBOR plus 1% rate set at the beginning of each calendar month. The mortgage payment consists of two payments per month totaling $7,500 per month, which includes principal and interest. The term of the mortgage is 15 years and any remaining outstanding principal is due at the end of the term. Interest earned on mortgage for the year ended December 31, 2009 amounted to $20,772 (2008 - $34,963) and is included in net interest income.

NOTE 5 - EQUITY INVESTMENT IN YORKSTREET HOLDINGS LIMITED

	2009	2008
Yorkstreet Holdings Limited ("YHL")	$967,141	$867,565

The Company owns 127,750 (39.92%) ordinary shares of YHL, an affiliate, which is accounted for under the equity method. The Company's Chair of the Board of Directors is the Chair of YHL's Board of Directors and is involved in YHL's operations. The Company also engages in certain transactions with YHL (see note 11). YHL provides management services through its wholly owned subsidiaries. The Company's share of the net profit (loss) of YHL for the year ended December 31, 2009 was $101,713 (2008 – ($12,777)). The Company received a dividend in 2008 of $19,163 which was recorded as a reduction in the carrying value of the investment on the consolidated balance sheet. The Company did not receive a dividend in 2009.

YHL prepares its financial statements in accordance with Canadian GAAP. Effective on January 1, 2007, YHL adopted Section 3855 of the Canadian Institute of Chartered Accountants Handbook regarding recognition and measurement of financial instruments. This provision is similar to U.S. GAAP and requires reporting entities to categorize investments as trading, available-for-sale, and held-to-maturity with corresponding accounting for each category. YHL reported an unrealized loss related to the available-for-sale securities and the Company reported its proportional share of the loss in the amount of $2,137 (2008 - $277,044) on the consolidated statement of changes in stockholder's equity and comprehensive income.

(Expressed in U.S. Dollars)

NOTE 5 - EQUITY INVESTMENT IN YORKSTREET HOLDINGS LIMITED (CONTINUED)

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

	2009	2008
Net income (loss)	$ 101,713	$ (12,777)
Dividends received	--	(19,163)
Items of comprehensive loss	(2,137)	(277,044)
Net Change	$ 99,576	$(308,984)

The following is summarized financial information of YHL as of December 31, 2009 and 2008 in accordance with US GAAP.

	2009	2008
Current Assets	$2,862,884	$3,532,004
Total Assets	3,108,884	3,553,495
Current Liabilities	812,967	1,507,018
Total Liabilities	812,967	1,507,018
Total Equity	2,295,917	2,046,477
Total Revenues	1,934,878	1,836,667
Net Income (loss)	254,793	(32,006)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2009	2008
Building	$ 8,559,374	$ 8,559,374
Freehold land	2,008,192	2,008,192
Computer hardware and software	1,973,858	1,866,140
Fixtures and fittings	559,940	559,940
Leasehold improvements	495,257	502,608
Machinery and equipment	489,947	444,182
Total	14,086,568	13,940,436
Accumulated depreciation	4,639,344	4,230,956
Net Carrying Amount	$ 9,447,224	$ 9,709,480

(Expressed in U.S. Dollars)

NOTE 6 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for the year ended December 31, 2009 amounted to $408,388 (2008 - $410,939). Included in computer hardware and software at December 31, 2009 are assets which have not been placed in service in the amount of $734,191 (2008 - $630,754). Accordingly, no depreciation expense was recorded related to this asset for the years ended December 31, 2009 and 2008.

NOTE 7 - COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

The Board of Directors has authorized the Company in 2009 to purchase up to $500,000 (2008 - $1,000,000) of its own shares from existing stockholders at no fixed price per share and that the shares purchased be retired. Such repurchase is subject to appropriate market conditions and repurchases will only be made in the best interest of the Company. During the year the Company repurchased 35,050 (2008 – 129,500) shares on the open market at an average price of $3.66 (2008 - $3.86) per share, for cash. These shares were immediately retired upon purchase.

NOTE 8 - STOCK-BASED COMPENSATION PLANS

From time to time the Company may grant stock options to executive and management personnel at its discretion. A summary of the status of the plan as of December 31, 2009 and changes during the year then ended are presented below:

DIRECTORS' AND EXECUTIVE STOCK OPTION PLAN

	2009			
	Number Of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contracted Terms (in years)	Aggregate Intrinsic Value
Outstanding - Beginning	1,375,000	$5.15	3.5 years	
Granted	--	0.00		--
Exercised	--	0.00		
Forfeited	--	0.00		
Outstanding - Ending	1,375,000	$5.15	2.5 years	--
Exercisable	825,000	$5.15	2.5 years	--

NOTE 8 - STOCK-BASED COMPENSATION PLANS (CONTINUED)

On June 15, 2007, the Board of Directors granted and authorized the issuance of 1,375,000 stock options with an exercise price of $5.15 with an expiry date of June 14, 2012. The vesting period is 20% immediately and 20% annually on the anniversary date of the grants until fully vested. The fair value of shares vested during the years ended December 31, 2009 and 2008 amounted to $9,744. There were no options granted during 2008 or 2009. As of December 31, 2009 there was $19,489 of total unrecognized compensation costs related to stock options granted and it will be recognized over the remaining two and a half years before expiry. Stock Based Compensation expense of $9,744 was recognized during the year ended December 31, 2009 (2008 - $9,744).

NOTE 9 - LOANS RECEIVABLE FOR ISSUANCE OF COMMON STOCK

As of December 31, 2009, loans receivable for issuance of common stock relating to previous stock option exercises amounted to $172,250 (2008 - $177,100). These loans are to be repaid over a five-year period ending November 20, 2011. At December 31, 2009, common stock of the Company with a market value of $402,000 is held in two escrow accounts as collateral for the loans.

NOTE 10 - ASSETS UNDER ADMINISTRATION

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 administration as of December 31, 2009 is approximately $796 million (2008 - $639 million).

NOTE 11 - RELATED PARTY TRANSACTIONS

During the year, the Company earned broking fee revenue from directors and employees of $44,608 (2008 - $31,078).

During the year, the Company had transactions with stockholders who are also directors and employees of the Company. These transactions consisted of commission expenses of $594,950 (2008 - $711,321) and referral fee expenses of $1,558 (2008 - $209).

NOTE 11 - RELATED PARTY TRANSACTIONS (CONTINUED)

For 2009 the Company earned rent and service charge income of $216,967 (2008 - $211,596) from YHL. In addition, the Company earned $32,205 (2008 - $32,787) for information technology services, recorded in other income, of which $12,027 (2008 - $7,245) is still outstanding at year end.

During the year, the Company paid $50,051 (2008 - $50,793) for corporate services, recorded in professional fees, provided by Waterstreet Corporate Services, a subsidiary of YHL. However, $10,526 (2008 – $12,513) of this amount was paid for government annual fees.

The Company earned management fees during the year of $906,910 (2008 - $1,025,033) from the LOM Sponsored Funds, of which $70,093 (2008 - $77,055) was included in other receivables at year end.

The Company is the custodian for the LOM Sponsored Funds and receives a custodial fee, recorded in administration and custody fees, of $82,470 (2008 - $92,608) for these services.

NOTE 12 - RESTRICTED CASH

The Company terminated its corporate credit card facility in 2009 which it had previously established for certain employees. The facility had credit card limits available which required cash collateral of 100%. This collateral was held in a U.S. Dollar Money Market Fund at the Bank of Butterfield and the balance was $Nil (2008 - $135,626). The liability for the corporate credit card facility was $Nil (2008 - $25,946) and is included in accounts payable and accrued liabilities in the consolidated balance sheet.

NOTE 13 - OFF BALANCE SHEET AND OTHER RISKS

In the normal course of trading, the Company is party to certain financial instruments with off-balance sheet risk, where the risk of potential loss due to changes in the market ("market risk") or failure of the other party to the transaction to perform (credit risk) exceeds the related amounts recorded. The Company attempts to manage these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies. (See also Note 17 for client related off-balance sheet risks).

(Expressed in U.S. Dollars)

NOTE 13 - OFF BALANCE SHEET AND OTHER RISKS (CONTINUED)

CREDIT RISK

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

LIQUIDITY RISK

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

MARKET RISK

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

CURRENCY RISK

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

NOTE 14 - 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
2010	59,085
2011	61,000
2012	54,872
Total	$174,957

NOTE 14 - FUTURE LEASE PAYMENTS (CONTINUED)

Operating lease rent expense (including real estate taxes and maintenance costs) were $176,600 and $224,498 for the years 2009 and 2008, respectively.

NOTE 15 - INCOME TAXES

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

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

On January 1, 2007, the Company adopted the provisions of ASC Topic 740, "Income Taxes", that clarifies the accounting and disclosure for uncertainty in tax positions by prescribing a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company analyzed its tax filing positions in all tax jurisdictions where the Company is required to file income tax returns as well as for all open tax years in these jurisdictions. Based on this review, no reserves for uncertain income tax positions were required to have been recorded pursuant to this guidance. Accordingly, the Company has not recognized any penalty, interest or tax impact 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, 2009 and 2008 is as follows:

(Expressed in U.S. Dollars)

NOTE 15 - INCOME TAXES (CONTINUED)

Provision for income taxes consists of the following:

	2009	2008
Income tax expense at statutory rates	$ --	$ --
Income tax benefit for foreign operations at statutory rate in effect of 28% (2008 - 30%)	(9,851)	(31,358)
Depreciation adjustment	74	(136)
Permanent differences	--	544
Income tax benefit	(9,777)	(30,950)
Less: increase in valuation allowance	(9,777)	30,950
Income Tax Expense (Benefit)	$ --	$ --

LOM (UK) Limited, has a deferred tax asset of approximately $169,516 (2008 – 196,982), arising predominantly from availability of net operating losses to be deducted from future taxable income. The asset has not been recognized and a full valuation allowance is provided for as there is no certainty that sufficient profits will arise in future accounting periods.

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 and the Company has to purchase or 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.

NOTE 16 - COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (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.

CONSULTING/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 Consulting/Termination 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 contained 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 planned to record compensation expense over sixty (60) months starting on July 1, 2005.

On December 19, 2007, the United States Securities and Exchange Commission (“SEC”) filed civil charges against the Company, including several subsidiaries (see Note 17). In accordance with the terms of the consulting/termination and non-compete Agreement, the payments of $35,000 per month ceased upon the filing of civil charges against the Company. The Company remains liable for the health insurance premiums for Brian Lines and his family through June 30, 2015. The Company recorded under commission and expenses total expenses of $13,428 in 2009 (2008 - $12,684) as a result of the agreement. The Company accrued the liability for the future health insurance premiums in the amount of $35,847 (2008 - $57,136) as of December 31, 2009.

(Expressed in U.S. Dollars)

NOTE 16 - COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (CONTINUED)

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, other than the SEC charges described in Note 17 as of December 31, 2009.

REGULATORY RESTRICTIONS

The Company's business operations are strictly regulated under the laws of Bermuda, Cayman, 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.

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, 2009 and 2008. LOM Securities (Bermuda) Limited, LOM Asset Management Limited, and Lines Overseas Management Limited are referred to as the "Bermuda regulated companies."

NOTE 17 - REGULATORY MATTERS

SECURITIES AND EXCHANGE COMMISSION INVESTIGATION

LOMH, LOM Capital Limited ("LOMCP"), LOML, and LOMB and a current and former officer of LOMH have been involved in an investigation by the SEC since January 23, 2003. On January 15, 2003, LOMCP entered into an agreement with Renaissance Mining Corporation ("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 Software Solutions, Inc. ("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. .

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 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 LOMH 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 December 19, 2007, the SEC filed a Complaint in the United States District Court Southern District of New York alleging that LOMH and several subsidiaries including LOML, LOMB, LOMCP, and LOM Securities (Cayman) Ltd., as well as a current and former officer of LOMH, (the "Defendants") violated United States securities laws (the "Complaint"). . The SEC has requested the court to enter a judgment that would enjoin all Defendants from further violations of securities laws, require payment of civil fines, and permanently bar the Defendants from participation in the United States penny stock market. The Company and the named subsidiaries deny the allegations contained in the Complaint and have retained counsel to defend the action. Discovery concluded in December 2009. The Defendants and the SEC have filed a series of motions for partial summary judgment (concluding on March 19, 2010). It is expected that a trial date will be scheduled once the Court rules on the outstanding motions.

NOTE 17 - REGULATORY MATTERS (CONTINUED)

SECURITIES AND EXCHANGE COMMISSION INVESTIGATION (CONTINUED)

As a result of the Complaint, LOMH estimated the cost to defend the action and accrued for the costs in LOML's and LOMB's financial statements, collectively an amount of $1.688 million and $1.619 million as of December 31, 2009 and 2008, respectively. The liabilities are net of insurance proceeds recovered, or expected to be recovered, under the firms Directors and Officers policy and legal fees incurred and paid through December 31, 2009.

LOMH has not, and does not expect to, allocate or charge any of its other subsidiaries, including the Company, with any part of this accrual. While there can be no assurances, management believes that the remaining accrual is adequate for the exposure of estimated legal fees associated with this Complaint. Based on the information currently available, no determination can be made at this time as to the final outcome of the Complaint, nor can its materiality be accurately ascertained, therefore, no accrual for the potential future settlement amount has been recorded by LOMH, LOML or LOMB's financial statements because it is not reasonably estimable.

NOTE 18 - 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 (loss) 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.

(Expressed in U.S. Dollars)

NOTE 18 - SEGMENT INFORMATION (CONTINUED)

SEGMENT INFORMATION

Reconciliation of revenue, total assets, operating expenses and income are as follows:

	2009	2008
Revenues		
Total revenues for reportable segments	$ 9,844,362	$11,233,130
Net gain (loss) on securities	394,406	(484,787)
Net interest income	631,373	1,239,978
Elimination of intersegment revenues	(2,855,652)	(3,201,477)
Total Consolidated Revenues	$ 8,014,489	$ 8,786,844
Operating Expenses		
Total operating expenses for reportable segments	$11,393,663	$12,517,530
Elimination of intersegment operating expenses	(2,855,652)	(3,201,477)
Net foreign exchange transaction (gains) losses	(83,747)	236,305
Total Consolidated Operating Expenses	$ 8,454,264	$ 9,552,358
Income		
Total income for reportable segments	$ (339,775)	$ 134,486
Elimination of intersegment net income	(100,000)	(900,000)
Total Consolidated Net Income	$ (439,775)	$ (765,514)
Total identifiable assets for reportable segments	$ 38,281,351	$ 39,167,954
Elimination of investments in consolidated subsidiaries	(17,060,523)	(17,334,152)
Identifiable Assets Total Consolidated	$ 21,220,828	$ 21,833,802

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

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN U.S. DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 18 - SEGMENT INFORMATION (CONTINUED)

	Brokerage								
2009	LOM Securities (Bermuda) Limited	LOM Securities (Cayman) Limited	LOM Securities (Bahamas) Limited	LOM Asset Management Limited (Bermuda)	Lines Overseas Management Limited (Bermuda)	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other	Total
Revenues from external customers	$1,447,969	$ 644,587	$1,376,018	$1,561,319	$1,002,893	$ 177,557	$ 686,254	$ 92,113	$ 6,988,710
Intersegment revenue	--	--	--	158,789	1,421,710	--	396,679	878,474	2,855,652
Total Revenue	$1,447,969	$ 644,587	$1,376,018	$1,720,108	$2,424,603	$ 177,557	$1,082,933	$ 970,587	$ 9,844,362
Net interest income	$ 154	$ --	$ --	$ 443	$ 609,003	$ 21,466	$ 243	$ 64	$ 631,373
Investment income recorded under the equity method	--	--	--	--	--	101,713	--	--	101,713
Depreciation	--	16,957	44,148	--	--	--	262,390	84,893	408,388
Net trading gains on securities owned	145,971	2,947	33	203,241	21,097	18,000	--	3,117	394,406
Operating expenses	1,717,927	1,113,841	1,346,933	1,611,393	3,410,376	243,542	842,609	1,107,042	11,393,663
Segment (loss) income	(50,477)	(466,247)	28,911	311,108	(346,458)	73,179	239,876	(129,667)	(339,775)
Identifiable assets	1,444,007	146,219	621,562	1,129,082	4,293,762	20,220,389	8,737,859	1,688,471	38,281,351
Long-lived assets net of depreciation	--	13,745	111,139	--	734,191	--	8,475,037	113,112	9,447,224
Capital expenditures	--	(8,536)	--	--	103,437	--	4,205	47,026	146,132

(EXPRESSED IN U.S. DOLLARS)

NOTE 18 - SEGMENT INFORMATION (CONTINUED)

2008	Brokerage: LOM Securities (Bermuda) Limited	Brokerage: LOM Securities (Cayman) Limited	Brokerage: LOM Securities (Bahamas) Limited	LOM Asset Management Limited (Bermuda)	Lines Overseas Management Limited (Bermuda)	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other	Total
Revenues from external customers	$1,655,012	$1,182,936	$1,693,828	$1,496,408	$1,252,732	$ 41,179	$ 669,980	$ 39,578	$ 8,031,653
Intersegment revenue	--	--	--	157,900	1,636,852	--	396,679	1,010,046	3,201,477
Total Revenue	$1,655,012	$1,182,936	$1,693,828	$1,654,308	$2,889,584	$ 41,179	$1,066,659	$1,049,624	$11,233,130
Net interest revenue	$ 6,450	$ 11,541	$ 31,531	$ 552	$1,154,354	$ 22,917	$ 145	$ 12,488	$ 1,239,978
Depreciation	--	28,441	42,347	--	--	--	269,629	70,522	410,939
Investment loss recorded under the equity method	--	--	--	--	--	(12,777)	--	--	(12,777)
Net trading (losses) gains on securities owned	(329,945)	(1,333)	(254)	82,065	(74,669)	(160,651)	--	--	(484,787)
Operating expenses	1,450,950	1,393,611	1,765,889	1,400,061	3,635,281	410,021	957,261	1,504,456	12,517,530
Segment (loss) income	(263,883)	(200,870)	(40,760)	327,041	287,423	392,444	109,428	(476,337)	134,486
Identifiable assets	1,893,051	437,159	595,572	913,943	4,517,566	20,144,110	9,107,614	1,558,939	39,167,954
Identifiable long-lived assets- net of depreciation	--	39,238	155,288	--	630,754	--	8,733,223	150,977	9,709,480
Capital expenditures	--	1,591	4,100	--	630,754	--	63,232	81,863	781,540

(EXPRESSED IN U.S. DOLLARS)

NOTE 18 - SEGMENT INFORMATION (CONTINUED)

GEOGRAPHIC SPLIT

2009	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$4,968,042	$ 644,587	$1,376,080	$6,988,709
Long lived assets - property, plant and equipment	9,321,639	13,745	111,840	9,447,224

2008	Bermuda	Cayman	Bahamas	Total
Revenues from external customers	$5,154,011	$1,182,936	$1,694,706	$8,031,653
Long lived assets - property, plant and equipment	9,513,552	39,238	156,690	9,709,480

Geographic split is disclosed by location of business.

NOTE 19 - SUPPLEMENTARY INFORMATION - FIVE YEAR COMPARISON TABLE

INCOME STATEMENT DATA – FOR THE YEAR ENDED DECEMBER 31

	2009	2008	2007	2006	2005
Net revenue-interest income	$ 631,373	$ 1,239,978	$ 1,876,783	$ 1,588,119	$ 1,733,522
Fees and other income	7,383,116	7,546,866	14,648,136	11,223,322	11,180,573
Operating expenses	(8,454,264)	(9,552,358)	(14,046,601)	(11,158,852)	(12,189,079)
Net Income	$ (439,775)	$ (765,514)	$ 2,478,318	$ 1,652,589	$ 725,016

(EXPRESSED IN U.S. DOLLARS)

NOTE 19 - SUPPLEMENTARY INFORMATION - FIVE YEAR COMPARISON TABLE (CONTINUED)

BALANCE SHEET DATA – AS OF DECEMBER 31

	2009	2008	2007	2006	2005
Cash, cash equivalents and restricted cash	$ 4,276,008	$ 3,409,556	$ 8,410,832	$ 9,827,719	$15,035,237
Securities owned	4,953,207	4,979,635	4,889,451	2,758,929	607,670
Property and equipment, net	9,447,224	9,709,480	9,345,224	9,257,592	9,563,920
Total assets	21,220,828	21,833,802	25,831,639	23,416,502	27,256,727
Stockholders' equity	18,880,413	19,498,393	21,879,946	20,240,103	25,326,894

FINANCIAL RATIOS – AS OF DECEMBER 31

	2009	2008	2007	2006	2005
Liabilities-equity ratio	12.4%	12.0%	18.1%	15.7%	7.6%
Return on equity	(2.3)	(3.9)	11.3	8.2	2.9
Return on assets	(2.1)	(3.5)	9.6	7.1	2.7

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events from the balance sheet date through April 27, 2010, other than those events noted below, the Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

LOM Securities (Cayman) Limited closed its office on March 31, 2010 as the group decided in the interests of its clients and shareholders to consolidate the entire region into its existing office in Nassau in the Bahamas. LOM Securities (Cayman) Limited will be liquidated.

LOM International Holdings Limited will be liquidated with the ownership of LOM (UK) Limited being moved to LOM (Holdings) Limited.

LOM Services Limited will be merged into Lines Overseas Management Limited.

All these changes would take place during 2010.