

LOM (HOLDINGS) LIMITED
(INCORPORATED IN BERMUDA)

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2008 and 2007
(Expressed in U.S. Dollars)

LOM (HOLDINGS) LIMITED

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Marcum & Kliegman LLP

Certified Public Accountants & Consultants

A Limited Liability Partnership Consisting of Professional Corporations

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LOM (Holdings) Limited

We have audited the consolidated balance sheets of LOM (Holdings) Limited and Subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in stockholders' equity and comprehensive income 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, 2008 and 2007, 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 18 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, 2003. On December 19, 2007, the SEC filed civil charges against the Company, a senior officer and a former senior officer alleging violations of 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 financial statements for the estimated legal fees and other associated costs to defend and resolve the matter in the amount of \$1.619 million and \$2.956 million at December 31, 2008 and 2007, respectively.

Our audit was 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 20 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 2008, 2007, 2006, 2005, and 2004 is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Marcum & Kliegman LLP

Melville, NY
April 28, 2009

LOM (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2007
(Expressed in U.S. Dollars)

<u>ASSETS</u>		
	2008	2007
Cash and cash equivalents	\$ 3,350,410	\$ 8,409,234
Restricted cash	135,626	131,946
Securities owned:		
Marketable securities at fair value (cost: 2008 - \$2,937,011 2007 - \$2,659,487)	2,405,000	2,567,586
Privately held securities at estimated fair value (cost: 2008 - \$633,914, 2007 - \$565,989)	2,574,635	2,321,865
Other receivables	1,153,643	561,556
Employee loans receivable	1,238,605	970,862
Direct finance lease receivable	463	71,677
Client accounts receivable	59,146	1,598
Due from related parties	7,245	8,145
Prepaid expenses	331,984	265,398
Investment in Yorkstreet Holdings Limited – equity method	867,565	1,176,548
Property and equipment, net	<u>9,709,480</u>	<u>9,345,224</u>
TOTAL ASSETS	<u>\$21,833,802</u>	<u>\$25,831,639</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 659,120	\$ 931,236
Accrued health insurance benefits	57,136	64,703
Accrued legal fees and litigation expenses	<u>1,619,153</u>	<u>2,955,754</u>
TOTAL LIABILITIES	<u>2,335,409</u>	<u>3,951,693</u>
<u>COMMITMENTS AND CONTINGENCIES</u>		
<u>STOCKHOLDERS' EQUITY</u>		
Common shares, par value \$0.10 per share; 20,000,000 shares authorized, and 6,292,500 (2007 - 6,422,000) shares issued and outstanding	629,250	642,200
Additional paid-in capital	3,709,651	4,187,206
Loans receivable for issuance of common stock	(177,100)	(215,860)
Retained earnings	15,334,455	16,987,219
Accumulated other comprehensive income	<u>2,137</u>	<u>279,181</u>
TOTAL STOCKHOLDERS' EQUITY	<u>19,498,393</u>	<u>21,879,946</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$21,833,802</u>	<u>\$25,831,639</u>

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 OPERATIONS

For the Years Ended December 31, 2008 and 2007
(Expressed in U.S. Dollars)

	2008	2007
<u>REVENUES</u>		
Broking fee income	\$4,508,030	\$ 6,804,393
Management and investment advisory fees including related party management fees of \$1,025,033 in 2008 and \$1,101,047 in 2007	1,689,816	1,705,676
Net interest income, net of interest expense of \$743,202 in 2008 and \$1,128,988 in 2007	1,239,978	1,876,783
Rental income, including related party rent of \$211,600 in both 2008 and 2007	667,268	645,031
Other income	461,249	358,110
Investment (loss) income recorded under the equity method	(12,777)	156,622
Foreign exchange income, net	619,887	739,005
Net trading (loss) gains on securities	(484,787)	2,869,294
Corporate finance income	5,572	1,271,173
Administration and custody fees	<u>92,608</u>	<u>98,832</u>
TOTAL REVENUES	<u>8,786,844</u>	<u>16,524,919</u>
<u>OPERATING EXPENSES</u>		
Employee compensation and benefits	3,830,028	3,868,118
Commissions and referral fees	2,097,572	3,307,635
Computer and information services	747,928	719,950
Depreciation of property and equipment	410,939	369,521
Recovery of legal fees	(950,000)	--
Jitney fees	674,778	899,572
Professional fees	554,013	2,959,326
Occupancy	763,251	615,140
Administration	524,662	622,422
Insurance	193,879	188,638
Bad debt recovery	(3,490)	(1,097)
Custodial charges	472,493	593,844
Net foreign exchange transaction losses (gains)	<u>236,305</u>	<u>(96,468)</u>
TOTAL OPERATING EXPENSES	<u>9,552,358</u>	<u>14,046,601</u>
NET (LOSS) INCOME	<u>\$ (765,514)</u>	<u>\$ 2,478,318</u>
NET (LOSS) INCOME PER COMMON SHARE		
Basic and diluted	<u>\$(0.12)</u>	<u>\$0.38</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and diluted	<u>6,347,005</u>	<u>6,477,304</u>

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

For the Years Ended December 31, 2008 and 2007
(Expressed in U.S. Dollars)

	Common Stock		Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Comprehensive Income (Loss)
	Shares	Amount					
<u>BALANCE</u> – January 1, 2007	6,524,600	\$652,460	\$4,548,428	\$(243,000)	\$15,282,215	--	\$20,240,103
Net income	--	--	--	--	2,478,318	--	2,478,318
Accumulated adjustment – change in accounting policy from investment recorded under the equity method	--	--	--	--	--	671,628	671,628
Comprehensive loss from investment recorded under the equity method	--	--	--	--	--	(392,447)	(392,447)
<u>Total Comprehensive Income</u>							<u>\$2,085,871</u>
Repurchase and retirement of common stock	(102,600)	(10,260)	(370,966)	--	--	--	(381,226)
Payment of loans receivable for issuance of common stock	--	--	--	12,140	--	--	12,140
Stock based compensation	--	--	9,744	--	--	--	9,744
Dividends declared	--	--	--	15,000	(773,314)	--	(758,314)
<u>BALANCE</u> – December 31, 2007	6,422,000	\$642,200	\$4,187,206	\$(215,860)	\$16,987,219	\$279,181	\$21,879,946

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS), continued

For the Years Ended December 31, 2008 and 2007
(Expressed in U.S. Dollars)

	Common Stock		Additional Paid-in Capital	Loans Receivable for Issuance of Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total	Total Comprehensive Income (Loss)
	Shares	Amount						
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)	<u>(277,044)</u>
Total Comprehensive Income								<u>\$(1,042,558)</u>
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	<u>6,292,500</u>	<u>\$629,250</u>	<u>\$3,709,651</u>	<u>\$(177,100)</u>	<u>\$15,334,455</u>	<u>\$ 2,137</u>	<u>\$19,498,393</u>	

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, 2008 and 2007
(Expressed in U.S. Dollars)

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net (loss) income	\$ (765,514)	\$ 2,478,318
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation of property and equipment	410,939	369,521
Bad debt provision on direct finance leases	--	3,140
Unearned income on direct finance leases	71	3,167
Stock based compensation expense	9,744	9,744
Net loss (income) from equity method investments	12,777	(156,622)
Dividends received from equity method investments	19,163	38,325
Net trading loss (gain) on securities	484,787	(2,869,294)
Changes in operating assets and liabilities:		
Securities owned, net	(574,971)	(1,967,250)
Other receivables	(592,087)	(319,886)
Direct finance lease receivable	71,142	222,275
Employee loans receivable	(267,743)	(970,862)
Client accounts receivable	(57,548)	1,897
Due from related parties	900	(7,776)
Prepaid expenses	(66,586)	(17,999)
Accounts payable and accrued liabilities	(272,116)	1,353,011
Accrued health insurance benefits	(7,567)	64,703
Accrued legal fees and litigation expenses	(1,336,601)	2,063,602
 TOTAL ADJUSTMENTS	 (2,165,696)	 (2,180,304)
 NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	 (2,931,210)	 298,014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(781,540)	(457,153)
Proceeds from sale of property and equipment	6,345	--
Restricted cash	(3,680)	(6,018)
 NET CASH USED IN INVESTING ACTIVITIES	 (778,875)	 (463,171)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repurchase of common stock	(500,249)	(381,226)
Proceeds from loan receivable for issuance of common stock	21,610	12,140
Dividends paid	(870,100)	(758,314)
 NET CASH USED IN FINANCING ACTIVITIES	 \$(1,348,739)	 \$(1,127,400)

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

LOM (HOLDINGS) LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

For the Years Ended December 31, 2008 and 2007
(Expressed in U.S. Dollars)

	<u>2008</u>	<u>2007</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$(5,058,824)	\$(1,292,557)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning	<u>8,409,234</u>	<u>9,701,791</u>
<u>CASH AND CASH EQUIVALENTS</u> - Ending	<u>\$ 3,350,410</u>	<u>\$ 8,409,234</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	\$743,202	\$1,128,988
Non-Cash Investing and Financing Activities:		
Dividends paid during the year, offset against loans receivable for issuance of common stock	\$ 17,150	\$ 15,000

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

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

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 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.

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 (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

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. 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 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. 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 (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 transactions are eliminated in consolidation.

Broking Fee Income and Jitney Fees

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

Management and Investment Advisory Fees

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

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Management and Investment Advisory Fees, continued

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, based on the daily 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 2008 amounted to \$5,572 (2007 \$1,271,173).

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.

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 2008 amounted to \$1,983,180 (2007- \$3,005,771). Interest expense for 2008 amounted to \$743,202 (2007 - \$1,128,988).

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Other Income

Other income earned includes fees for settlement of client investment transactions. Fees earned for settlement of client investment transactions are recorded on a transaction date basis.

Rental Income

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

Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses as of December 31, 2008 and 2007 consist of the following:

	2008	2007
Professional fees	\$193,211	\$272,711
Payroll taxes	123,497	127,672
Directors fees	102,750	72,500
Commissions	12,410	27,076
Accounts payable	135,880	123,722
Credit card payables	2,541	32,932
Accrued operating expenses	88,821	264,763
Securities sold short	<u>10</u>	<u>9,860</u>
Total	<u>\$659,120</u>	<u>\$931,236</u>

Proceeds of securities sold short were \$Nil and \$4,936 as of December 31, 2008 and 2007, respectively.

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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

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 length of the 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 2008, the amount of unclaimed cash and proceeds from the sale of unclaimed securities included in income was \$48,019 (2007 - \$10,286).

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.

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

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Securities Owned, continued

losses in the consolidated statements of operations. Realized gains or losses are based on the average cost method of securities purchased and sold of the securities. 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 \$2,574,635 which were valued by management and determined in good faith as of December 31, 2008 (2007 - \$2,321,865) (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 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.

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, 2008 and 2007, other comprehensive loss represents unrealized losses on investments recorded under the equity method of accounting and in 2007 an accumulated adjustment for a change in accounting policy by its equity method investment was recorded (see Note 5).

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Investments Recorded Under the Equity Method, continued

Stock-Based Compensation Plans

Effective January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123(Revised 2004), “Share-Based Payment”, (“SFAS 123(R)”), using the modified-prospective-transition method to account for stock based compensation. As a result, for the years ended December 31, 2008 and 2007, the Company recorded \$9,744 in stock based compensation expense for the fair value of stock based compensation. At December 31, 2008, there was \$29,233 of total unrecognized stock based compensation costs, which is expected to be recognized over a weighted average period of 3 years.

Fair Value of Financial Instruments

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

Fair Value Measurements

SFAS No. 157, “Fair Value Measurements” (“SFAS 157”), 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. SFAS 157 applies to all assets and liabilities that are measured and reported on a fair value basis. See Note 3 regarding the adoption of SFAS 157 by the Company.

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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Use of Estimates, continued

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.

Reclassifications

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

Direct Finance Leases

The Company accounts for direct finance leases with its customers in accordance with SFAS No. 13 "Accounting for Leases". Finance lease income is recognized in a manner that produces a constant rate of return on the investment in the lease over the lease term which is predominantly three years in duration. 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.

Net (Loss) Income Per Common Share

The Company calculates basic net (loss) income per common share and diluted net (loss) income per common share assuming dilution. Basic net (loss) income per common share is calculated by dividing net (loss) income attributable to common stockholders by the weighted average number of common shares outstanding during the period.

Diluted net (loss) 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 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 the 2008 and 2007 diluted net (loss) income 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, 2008 and 2007, the weighted average common shares basic and diluted were the same.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

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 materiality.

Recently Issued Accounting Pronouncements

Fair Value Option for Financial Assets and Liabilities

In February 2007, the FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115" which permits entities to choose to measure many financial instruments and certain other items at fair value. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Adoption is required for fiscal years beginning after November 15, 2007. The Company's adoption of SFAS 159 had no impact on the consolidated financial statements.

Non-controlling Interests in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any noncontrolling interests as a separate component of 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. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 would have an impact on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses acquired in the future.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 2 - Summary of Significant Accounting Policies, continued

Recently Issued Accounting Pronouncements, continued

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The guidance in SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The Company is currently evaluating the impact of the application of SFAS 161.

Business Combinations

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, Business Combinations ("SFAS 141R"), which replaces SFAS No. 141, Business Combinations. SFAS 141R 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 noncontrolling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R would have an impact on accounting for any businesses acquired after the effective date of this pronouncement

NOTE 3 - Securities Owned and Fair Value Measurements

Securities owned consist of the following:

	<u>2008</u>	<u>2007</u>
Marketable Securities:		
Equities	\$2,405,000	\$2,567,586
Privately Held Securities:		
Equities	<u>2,574,635</u>	<u>2,321,865</u>
	<u>\$4,979,635</u>	<u>\$4,889,451</u>

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

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, 2008 and 2007. In 2003, the investment was deemed to be impaired and written down from \$340,415 to nil. During 2007, management determined that the investment was no longer impaired based on economic events and transactions entered into during the year. The stock of the BSX is not traded in an active market and management has estimated the fair value by using a price to earnings ratio of comparable securities exchanges as well as other factors.

Fair Value Measurements:

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" ("SFAS 157"). SFAS 157 clarifies the definition of fair value, establishes a framework for measurement of fair value and expands disclosure about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, except as amended by FASB Staff Position ("FSP") SFAS 157-2 which is effective for fiscal years beginning after November 15, 2008. FSP SFAS 157-2 allows partial adoption relating to fair value measurements for non-financial assets and liabilities that are not measured at fair value on a recurring basis. The Company adopted SFAS 157 effective January 1, 2008, except as it applies to the non-financial assets and non-financial liabilities subject to FSP SFAS 157-2. The Company will adopt the remaining provisions of SFAS 157 in the first quarter of 2009 and is currently evaluating the impact adoption may have on its consolidated financial statements. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of 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. SFAS 157 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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

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

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

For investments in publicly held securities that trade on exchanges, the Company generally uses the market approach, except when circumstances, in the estimation of the Company, warrant consideration of other data such as current market prices for similar securities in cases where current market data is not available or unreliable. Many of the 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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

Based on the inputs used in the valuation techniques described above, financial instruments are categorized according to the fair value hierarchy prescribed by SFAS 157. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value are classified and disclosed in one of the following three categories:

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

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

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

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

When determination is made to classify a financial instrument within Level 3, the determination is based upon the lack of significance of the observable parameters to the overall fair value measurement. However, the fair value determination for Level 3 financial instruments may include observable components. The following are the Company's major categories of assets measured at fair value on a recurring basis at December 31, 2008, categorized by the SFAS 157 fair value hierarchy:

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 3 - Securities Owned and Fair Value Measurements, continued

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

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, 2008:

Description	Privately Held Securities
Assets:	
Balance, January 1, 2008	\$2,321,865
Purchases	68,246
Total gains, net included in earnings	184,524
Transfers in and/or out of Level 3	--
Balance, December 31, 2008	<u>\$2,574,635</u>
Changes in unrealized gains relating to investments still held at December 31, 2008	<u>\$ 184,524</u>

NOTE 4 - Employee Loans Receivable

As a result of LOM Securities (Bahamas) Limited relocating its offices from Freeport to Nassau on November 1, 2007, the Company provided a temporary loan to one of its Directors. The amount of the loan was \$900,000 and bore interest at 7% annually. Interest earned on the loan for the years ended December 31, 2008 and 2007 amounted to \$13,825 and \$10,675, respectively, and is included in net interest income. The loan was fully repaid on March 20, 2008.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 4 - Employee Loans Receivable, continued

During the year ended December 31, 2007, the Company approved a loan facility of up to \$350,000 to one of Holding's Directors. The loan bears interest at the rate of 1% above the U.S. Dollar 3 month LIBOR rate set at the beginning of each calendar month. The note is due on demand. Interest earned on the loan for the year ended December 31, 2007 amounted to \$260 and is included in net interest income.

In April 2008, the Company converted the \$350,000 note into a mortgage for \$1,268,679, which includes additional advances provided by 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 the converted note and mortgage for the year ended December 31, 2008 amounted to \$34,963 and is included in net interest income.

NOTE 5 - Equity Investment in Yorkstreet Holdings Limited

	2008	2007
Yorkstreet Holdings Limited ("YHL")	\$867,565	\$1,176,548

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 (loss) profit of YHL for the year ended December 31, 2008 was (\$12,777) (2007 - \$156,622). The Company received a dividend during the year of \$19,163 (2007 - \$38,325) which was recorded as a reduction in the carrying value of the investment on the balance sheet.

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. As a result of this adoption, YHL recorded a cumulative adjustment on January 1, 2007 related to the valuation of available-for-sale securities. The Company recorded its proportional share of the cumulative adjustment in the amount of \$671,628 in accumulated other comprehensive income on the statement of changes in

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 5 - Equity Investment in Yorkstreet Holdings Limited, continued

stockholder's equity and comprehensive income during the year ended December 31, 2007. YHL also 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 \$277,044 (2007 - \$392,447) on the statement of changes in stockholder's equity and comprehensive income.

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

	2008	2007
Net (loss) income	\$ (12,777)	\$ 156,622
Dividends received	(19,163)	(38,325)
Accumulated adjustments	--	671,628
Items of comprehensive income	<u>(277,044)</u>	<u>(392,447)</u>
Net Change	<u>\$(308,984)</u>	<u>\$ 397,478</u>

NOTE 6 - Property and Equipment

Property and equipment consists of the following:

	2008	2007
Building	\$ 8,559,374	\$ 8,559,374
Freehold land	2,008,192	2,008,192
Computer hardware and software	1,866,140	1,147,833
Fixtures and fittings	559,940	559,940
Leasehold improvements	502,608	502,608
Machinery and equipment	<u>444,182</u>	<u>434,191</u>
	13,940,436	13,212,138
Accumulated depreciation	<u>4,230,956</u>	<u>3,866,914</u>
Net carrying amount	<u>\$ 9,709,480</u>	<u>\$ 9,345,224</u>

Depreciation expense for the year ended December 31, 2008 amounted to \$410,939 (2007 - \$369,521). Included in computer hardware and software at December 31, 2008 are assets which have not been placed in service in the amount of \$630,754. Accordingly, no depreciation expense was recorded related to this asset for the year ended December 31, 2008.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 7 - 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 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 129,500 (2007 – 102,600) shares on the open market at an average price of \$3.86 (2007 - \$3.72) 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. Effective on January 1, 2006, the Company accounts for share-based compensation under SFAS No. 123(R). A summary of the status of the plan as of December 31, 2008 and 2007, and changes during the years then ended are presented below:

Directors' and Executive Stock Option Plan

	2008			
	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	4.5 years	
Granted	--	0.00		--
Exercised	--	0.00		
Forfeited	<u> --</u>	<u> 0.00</u>		
Outstanding – Ending	<u>1,375,000</u>	<u>\$5.15</u>	3.5 years	<u> --</u>
Exercisable	<u> 550,000</u>	<u> \$5.15</u>	3.5 years	<u> --</u>

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, 2008 and 2007 amounted to \$9,744. The weighted average fair value of options granted during 2007 was \$48,721. There were no options granted during 2008. As of December 31, 2008, there was \$29,233 of total unrecognized compensation costs related to stock options granted is being recognized at 20% per year until fully expensed.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 8 - Stock-Based Compensation Plans, continued

In 2007, stock option issuances were calculated at a weighted average fair value at grant date of \$0.035 using Black-Scholes option pricing model using four years as expected life of the option (using the simplified method), 3.2% dividend yield rate, 10% volatility (expected based on historical experience) and 4.8% risk free interest rate. Compensation expense of \$9,744 was recognized during the year ended December 31, 2008 (2007 - \$9,744).

NOTE 9 - Loans Receivable for Issuance of Common Stock

As of December 31, 2008, loans receivable for issuance of common stock relating to previous stock option exercises amounted to \$177,100 (2007 - \$215,860). These loans are to be repaid over a five-year period ending November 20, 2011. At December 31, 2008, common stock of the Company with a market value of \$462,000 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 both the LOM Sponsored Funds and the clients' investments which are included in the LOM Sponsored Funds. The fair value of assets under administration as of December 31, 2008 is approximately \$639 million (2007 - \$1.134 billion).

NOTE 11 - Related Party Transactions

During the year, the Company earned broking fee revenue from directors and employees of approximately \$31,000 (2007 - \$50,000).

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 \$711,321 (2007 - \$792,886) and referral fee expenses of \$209 (2007 - \$2,236).

For 2008 and 2007, the Company earned rent and service charge income of \$17,633 per month (approx. \$211,596 annually) from YHL. In addition, the Company earned \$32,787 (2007 - \$31,830) for information technology services, recorded in other income, of which \$7,245 (2007 - \$8,145) has not been repaid prior to year end.

During the year, the Company paid \$50,793 (2007 - \$61,085) for corporate services, recorded in professional fees, provided by Waterstreet Corporate Services, a subsidiary of YHL. However, \$12,513 (2007 - \$24,493) of this amount was paid for government annual fees.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 11 - Related Party Transactions

The Company earned management fees during the year of \$1,025,033 (2007 - \$1,101,047) from the LOM Sponsored Funds, of which \$77,055 (2007 - \$6,034) was receivable at year end.

The Company is the custodian for the LOM Sponsored Funds and receives a custodial fee, recorded in administrative and custody fees, of \$92,608 (2007 - \$98,832) for these services.

NOTE 12 - Restricted Cash

The Company established a corporate credit card facility for certain employees and the facility has credit card limits available of \$114,500 (2007- \$127,000) which requires cash collateral of 100%. This collateral is held in a U.S. Dollar Money Market Fund at the Bank of Butterfield and the balance was \$135,626 (2007 - \$131,946). The liability for the corporate credit card facility was \$25,946 (2007 - \$35,468) 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).

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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

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
2009	\$170,962
2010	155,671
2011	101,244
2012	<u>54,872</u>
Total	<u>\$482,749</u>

Operating lease rent expense (including real estate taxes and maintenance costs) were \$224,498 and \$170,103 for the years 2008 and 2007, respectively.

NOTE 15 - Income Taxes

The Company adopted Financial Accounting Standards Board's Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"), effective January 1, 2007. FIN 48 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. FIN 48 is effective for fiscal years beginning after December 31, 2006, and is to be applied to all open tax years as of the date of effectiveness. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption did not have a material impact on the Company's consolidated financial statement and there were no unrecognized tax benefits as of December 31, 2008 and 2007.

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.

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, 2008 and 2007 is as follows:

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 15 - Income Taxes, continued

Provision for income taxes consist of the following:

	2008	2007
Income tax expense at statutory rates	\$ --	\$ --
Income tax benefit for foreign operations at statutory rate in effect (30%)	(31,358)	(38,465)
Depreciation adjustment	(136)	(126)
Permanent differences	<u>544</u>	<u>81</u>
Income tax benefit	(30,950)	(38,510)
Less: increase in valuation allowance	<u>30,950</u>	<u>38,510</u>
Income tax expense (benefit)	<u>\$ --</u>	<u>\$ --</u>

LOM (UK) Limited, has a deferred tax asset of approximately \$196,847 (2007 – 178,991), 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 - Direct Finance Leases

As of December 31, 2008, the Company's net investment in leases includes the following:

Future annual minimum lease payments receivable are as follows:

	2008	2007
Future minimum receipts on lease contracts	\$534	\$74,844
Unearned finance charges	<u>(71)</u>	<u>(3,167)</u>
Total	<u>\$463</u>	<u>\$71,677</u>

NOTE 17 - Commitments, Contingencies and Off-Balance Sheet Risk

Client Activities

In the normal course of business, the Company's client activities include execution, settlement, and financing of various client securities and commodities transactions. These activities may expose the Company to off-balance sheet risk in the event the client is unable to fulfill its contractual obligations. The Company attempts to mitigate this risk by adhering to strict policies requiring client acceptance procedures prior to the execution of any transactions.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 17 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

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.

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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 17 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

On December 19, 2007, the United States Securities and Exchange Commission (“SEC”) filed civil charges against the Company, including several subsidiaries (see Note 18). In accordance with the terms of the Consulting/Termination and Non-Complete 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 \$12,684 in 2008 (2007 - \$431,732) as a result of the agreement. The Company accrued the liability for the future health insurance premiums in the amount of \$57,136 (2007 - \$64,703) as of December 31, 2008.

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 18 as of December 31, 2008.

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

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 17 - Commitments, Contingencies and Off-Balance Sheet Risk, continued

Minimum Net Asset Requirements, continued

The above subsidiaries were in compliance with the net asset requirements as of December 31, 2008 and 2007. LOM Securities (Bermuda) Limited, LOM Asset Management Limited, and Lines Overseas Management Limited are referred to as the "Bermuda regulated companies."

NOTE 18 - Regulatory Matters

Bermuda Monetary Authority

In conjunction with certain allegations made by the SEC, the Bermuda Monetary Authority ("BMA") initiated an investigation of Holdings, Lines Overseas Management Limited, LOM Securities (Bermuda) Limited and LOM Asset Management Limited on June 23, 2003. The investigation was concluded to the satisfaction of the BMA on September 24, 2004 and a report was forwarded to the Company on September 19, 2005. As a result, the Company agreed to certain management changes and strengthened its system of internal control and compliance.

Securities and Exchange Commission Investigation

Holdings, LOMCP, Lines Overseas Management Limited, and LOMB 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 Corp. ("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. 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 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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 18 - Regulatory Matters, continued

Securities and Exchange Commission Investigation, continued

On December 19, 2007, the SEC filed a Complaint in the United States District Court Southern District of New York alleging that the Company and several subsidiaries (LOML, LOMB, LOMCP, LOM Securities (Bahamas) Ltd. and LOM Securities (Cayman) Ltd.) violated United States securities laws (the "Complaint"). The Complaint also names a senior officer of the Company and a former senior officer. The SEC has requested the court to enter a judgment that would enjoin the Company from further violations of securities laws, require payment of civil fines, and permanently bar the Company from participation in the United States penny stock market. The Company denies the allegations contained in the Complaint and has retained counsel to defend itself in the action. The matter is currently in discovery, and is expected to go to trial in early 2010.

The Company estimated the cost to defend the action and accrued \$2,955,754, based upon the available information related to the SEC's action. The \$1,336,601 decrease in the accrual from December 31, 2007 of \$2,955,754 to \$1,619,153 at December 31, 2008 relates to legal fees incurred and paid through such date for this action. While there can be no assurances, the Company believes that its remaining accrual is adequate for the exposure of the 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 accrued in the accompanying consolidated financial statement since it is not estimable.

Additionally, in 2008, the Company recorded \$950,000 for the reimbursement of legal fees associated with the SEC action in connection with their Directors' and Officers' insurance policy. At December 31, 2008, the \$950,000 is included in other receivables and was subsequently received by the Company in 2009.

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.

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.

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 19 - Segment Information

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 arms length.

Segment Information

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

	2008	2007
Revenues		
Total revenues for reportable segments	\$11,233,130	\$ 15,289,737
Net (loss) gain on securities	(484,787)	2,869,294
Net interest income	1,239,978	1,876,784
Elimination of intersegment revenues	<u>(3,201,477)</u>	<u>(3,510,896)</u>
Total Consolidated Revenues	<u>\$ 8,786,844</u>	<u>\$ 16,524,919</u>
	2008	2007
Operating Expenses		
Total operating expenses for reportable segments	\$12,517,530	\$ 17,653,965
Elimination of intersegment operating expenses	(3,201,477)	(3,510,896)
Net foreign exchange transaction losses (gains)	<u>236,305</u>	<u>(96,468)</u>
Total Consolidated Operating Expenses	<u>\$ 9,552,358</u>	<u>\$ 14,046,601</u>
Income		
Total income for reportable segments	\$ 134,486	\$ 4,228,318
Elimination of intersegment net income	<u>(900,000)</u>	<u>(1,750,000)</u>
Total Consolidated Net Income	<u>\$ (765,514)</u>	<u>\$ 2,478,318</u>
	2008	2007
Total identifiable assets for reportable segments	\$ 39,167,954	\$ 43,922,800
Elimination of investments in consolidated subsidiaries	<u>(17,334,152)</u>	<u>(18,091,161)</u>
Identifiable Assets Total Consolidated	<u>\$ 21,833,802</u>	<u>\$ 25,831,639</u>

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in U.S. Dollars)

NOTE 19 - Segment Information

Segment Information, continued

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

NOTE 19 - Segment Information, continued

	Brokerage							Lines				Total
	LOM Securities (Bermuda) Limited	LOM Securities (Cayman) Limited	LOM Securities (Bahamas) Limited	LOM Asset Management (Bermuda) Limited	Overseas Management (Bermuda) Limited	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	LOM (Holdings) Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other		
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 income and interest from finance leases	\$ 6,450	\$ 11,541	\$ 31,531	\$ 552	\$1,154,354	\$ 22,917	\$ 145	\$ 12,488	\$ 1,239,978			
Investment income recorded under the equity method	--	28,441	42,347	--	--	(12,777)	--	70,522	(12,777)			
Depreciation	--	--	--	--	--	--	269,629	--	410,939			
Net trading (gain) loss 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 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			
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			

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 - Segment Information, continued

	<u>Brokerage</u>									
	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	
2007										
Revenues from external customers	\$2,329,978	\$1,901,055	\$2,740,306	\$1,362,915	\$1,319,793	\$ 170,026	\$ 649,907	\$1,304,861	\$11,778,841	
Intersegment revenue	--	--	--	157,704	1,366,467	--	396,679	1,590,046	3,510,896	
Total revenue	<u>\$2,329,978</u>	<u>\$1,901,055</u>	<u>\$2,740,306</u>	<u>\$1,520,619</u>	<u>\$2,686,260</u>	<u>\$ 170,026</u>	<u>\$1,046,586</u>	<u>\$2,894,907</u>	<u>\$15,289,737</u>	
Net interest revenue and interest on finance leases	\$ 22,529	\$ 12,433	\$ 33,888	\$ 1,125	\$1,759,911	\$ 17,063	\$ 193	\$ 29,642	\$ 1,876,784	
Depreciation	--	27,746	17,621	--	--	--	290,162	33,992	369,521	
Investment loss recorded under the equity method	--	--	--	--	--	156,622	--	--	156,622	
Net trading gains on securities owned	528,153	--	438	18,063	2,389,834	(67,194)	--	--	2,869,294	
Operating expenses	2,560,880	1,754,237	1,987,114	1,093,066	6,118,316	772,963	886,332	2,481,057	17,653,965	
Segment income (loss)	410,685	159,046	784,566	445,528	730,645	1,096,843	160,446	440,559	4,228,318	
Identifiable assets	1,764,540	668,029	1,331,062	1,328,263	6,284,914	21,371,756	9,142,032	2,032,204	43,922,800	
Identifiable long-lived assets- net of depreciation	--	66,089	198,375	--	--	--	8,941,124	139,636	9,345,224	
Capital expenditures	--	13,306	209,232	--	--	--	92,863	141,752	457,153	

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 - Segment Information, continued

Geographic Split

	2008		2007		Total
	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	
	Bermuda	Cayman	Bahamas	Total	
Revenues from external customers	\$7,136,532	\$1,901,055	\$2,741,254	\$11,778,841	
Long lived assets - property, plant and equipment	9,078,655	66,089	200,480	9,345,224	

Geographic split is disclosed by location of business.

NOTE 20 - Supplementary Information - Five Year Comparison Table

Income Statement Data -- For the Year Ended December 31

	2008	2007	2006	2005	2004
Net revenue-interest income	\$1,239,978	\$ 1,876,783	\$ 1,588,119	\$ 1,733,522	\$ 1,807,461
Fees and other income	7,546,866	14,648,136	11,223,322	11,180,573	15,566,137
Operating expenses	<u>(9,552,358)</u>	<u>(14,046,601)</u>	<u>(11,158,852)</u>	<u>(12,189,079)</u>	<u>(15,308,915)</u>
Net Income	<u>\$ (765,514)</u>	<u>\$ 2,478,318</u>	<u>\$ 1,652,589</u>	<u>\$ 725,016</u>	<u>\$ 2,064,683</u>

LOM (HOLDINGS) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Balance Sheet Data – As of December 31

	2008	2007	2006	2005	2004
Cash, cash equivalents and restricted cash	\$3,486,036	\$8,541,180	\$ 9,827,719	\$15,035,237	\$14,943,958
Securities owned	4,979,635	4,889,451	2,758,929	607,670	618,354
Property and equipment, net	9,709,480	9,345,224	9,257,592	9,563,920	9,917,390
Total assets	21,833,802	25,831,639	23,416,502	27,256,727	27,628,998
Stockholders' equity	19,498,393	21,879,946	20,240,103	25,326,894	25,474,068

Financial Ratios – As of December 31

	2008	2007	2006	2005	2004
Liabilities-equity ratio	12.0%	18.1%	15.7%	7.6%	8.5%
Return on equity	(3.9)	11.3	8.2	2.9	8.1
Return on assets	(3.5)	9.6	7.1	2.7	7.4