

LOM EQUITY GROWTH FUND LTD.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

LOM EQUITY GROWTH FUND LTD.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
LOM Equity Growth Fund Ltd.

We have audited the accompanying statements of assets and liabilities of LOM Equity Growth Fund Ltd. (the "Fund"), including the schedules of investments, as of December 31, 2010, and the related statements of operations, changes in net assets and cash flows, and the financial highlights for the year then ended. The LOM Equity Growth Fund Ltd. consists of two (2) classes of participating shares, one for the U.S. Dollar and one for the Euro and is referred to collectively as the "Fund." These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit 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 and financial highlights 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 Fund'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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of LOM Equity Growth Fund Ltd. as of December 31, 2010, and the results of its operations, changes in its net assets, its cash flows and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Marcum (Cayman)

Grand Cayman, Cayman Islands, B.W.I.
May 31, 2011

LOM EQUITY GROWTH FUND LTD.

STATEMENTS OF ASSETS AND LIABILITIES

DECEMBER 31, 2010

	Class A U.S. \$	Class B EUR €
Assets		
Investments, at fair value (cost of U.S. \$7,950,131 and EUR €876,565 for Class A and B, respectively)	\$ 8,824,009	€ 958,233
Cash and cash equivalents	<u>432,976</u>	<u>26,286</u>
Total Assets	<u>9,256,985</u>	<u>984,519</u>
Liabilities		
Accounts payable and accrued expenses	<u>15,766</u>	<u>2,293</u>
Total Liabilities	<u>15,766</u>	<u>2,293</u>
Net Assets	<u>\$ 9,241,219</u>	<u>€ 982,226</u>
Number of Participating Shares in Issue Class A and B, Respectively	<u>1,014,834</u>	<u>108,140</u>
Net Asset Value per Participating Share Class A and B, Respectively	<u>\$ 9.11</u>	<u>€ 9.08</u>

Approved by the Board of Directors:

Director

Director

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

LOM EQUITY GROWTH FUND LTD.

SCHEDULE OF INVESTMENTS - U.S. CLASS A (Expressed in United States Dollars)

DECEMBER 31, 2010

Shares	Description	Fair Value	Percent of Net Assets
Investments in Securities			
Common Stocks			
Ireland			
Information Technology			
4,460	Accenture PLC (cost \$184,495)	\$ 216,265	2.34 %
Israel			
Health Care			
2,766	Teva Pharmaceutical Industries (cost \$137,985)	144,192	1.56
Switzerland			
Health Care			
2,566	Novartis AG (cost \$135,560)	151,266	1.64
United States			
Consumer Discretionary			
2,672	McDonald's Corp. (cost \$185,440)	205,103	2.22
6,847	Walt Disney Co. (cost \$228,011)	256,831	2.78
1,534	Whirlpool Corp. (cost \$132,038)	136,265	1.47
Consumer Staples			
2,051	Coca-Cola Co. (cost \$116,933)	134,894	1.46
2,913	PepsiCo Inc. (cost \$185,796)	190,306	2.06
2,761	Procter & Gamble Co. (cost \$168,415)	177,615	1.92
2,977	Wal-Mart Stores Inc. (cost \$159,755)	160,550	1.74
Energy			
2,523	Chevron Corp. (cost \$200,634)	230,224	2.49
3,778	ConocoPhillips (cost \$204,638)	257,282	2.78
3,120	Exxon Mobil Corp. (cost \$207,901)	\$ 228,134	2.47 %

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

LOM EQUITY GROWTH FUND LTD.

SCHEDULE OF INVESTMENTS - U.S. CLASS A (CONTINUED) (Expressed in United States Dollars)

DECEMBER 31, 2010

Shares	Description	Fair Value	Percent of Net Assets
Investments in Securities (continued)			
Common Stocks (continued)			
United States (continued)			
Financials			
4,969	JPMorgan Chase & Co. (cost \$205,830)	\$ 210,785	2.28 %
7,452	NYSE Euronext (cost \$204,544)	223,411	2.42
5,004	Wells Fargo & Co. (cost \$137,644)	155,074	1.68
Health Care			
4,342	Abbott Laboratories (cost \$221,756)	208,025	2.25
2,178	Becton Dickinson and Co. (cost \$166,679)	184,085	1.99
2,864	Johnson & Johnson (cost \$181,365)	177,138	1.92
Industrial			
2,622	Caterpillar Inc. (cost \$186,708)	245,577	2.66
1,584	Eaton Corp. (cost \$112,536)	160,792	1.74
3,930	Johnson Controls Inc. (cost \$124,924)	150,126	1.62
2,401	Union Pacific Corp. (cost \$181,343)	222,477	2.41
2,468	United Technologies Corp. (cost \$158,091)	194,281	2.10
Information Technology			
5,175	Hewlett-Packard Co. (cost \$242,321)	217,868	2.36
6,164	Intel Corp. (cost \$126,055)	129,629	1.40
1,652	International Business Machines (cost \$215,182)	242,448	2.62
6,584	Microsoft Corp. (cost \$187,668)	183,759	1.99
Materials			
1,657	Air Products & Chemicals Inc. (cost \$131,465)	150,704	1.63
3,124	EI du Pont de Nemours & Co. (cost \$118,308)	155,825	1.69
Total United States (cost \$4,691,980)		<u>5,189,208</u>	<u>56.15</u>
Total Common Stock (Cost \$5,150,020)		<u>\$ 5,700,931</u>	<u>61.69 %</u>

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

LOM EQUITY GROWTH FUND LTD.

SCHEDULE OF INVESTMENTS - U.S. CLASS A (CONTINUED)

(Expressed in United States Dollars)

DECEMBER 31, 2010

Shares	Description	Fair Value	Percent of Net Assets
Investments in Securities (continued)			
Exchange Traded Funds			
United States			
Exchange Traded Funds			
2,558	iShares S&P Global Materials Sector Index Fund (cost \$165,844)	\$ 187,373	2.03 %
2,947	iShares S&P MidCap 400 Index Fund (cost \$227,527)	267,263	2.89
6,480	iShares S&P SmallCap 600 Index Fund (cost \$372,814)	443,686	4.80
13,934	Vanguard Emerging Markets ETF (cost \$587,045)	670,866	7.26
19,314	Vanguard Europe Pacific ETF (cost \$662,126)	698,200	7.56
3,671	Vanguard REIT ETF (cost \$177,394)	203,263	2.20
13,773	WisdomTree DEFA Fund (cost \$607,361)	652,427	7.06
Total United States (cost \$2,800,111)		<u>3,123,078</u>	<u>33.80</u>
Total Exchange Traded Funds (Cost \$2,800,111)		<u>3,123,078</u>	<u>33.80</u>
Total Investments in Securities (Cost \$7,950,131)		<u>\$ 8,824,009</u>	<u>95.49 %</u>

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

LOM EQUITY GROWTH FUND LTD.

SCHEDULE OF INVESTMENTS - EURO CLASS B

(Expressed in Euros)

DECEMBER 31, 2010

Shares	Description	Fair Value	Percent of Net Assets
Investments in Securities			
Exchange Traded Funds			
Canada			
Exchange Traded Funds			
1,165	iShares S&P/TSX 60 Index Fund (cost €15,214)	€ 16,825	1.71 %
France			
Exchange Traded Funds			
1,520	Lyxor ETF Brazil Ibovespa (cost €39,081)	46,026	4.69
Hong Kong			
Exchange Traded Funds			
27,173	iShares FTSE A50 China Index ETF (cost €35,170)	33,311	3.39
Ireland			
Exchange Traded Funds			
5,229	iShares FTSE 250 (cost €7,170)	69,478	7.08
United States			
Exchange Traded Funds			
1,056	iShares MSCI All Country Asia Fund (cost €44,639)	50,312	5.12
709	iShares MSCI Australia Index Fund (cost €10,993)	13,491	1.37
743	iShares MSCI Germany Index Fund (cost €11,176)	13,304	1.35
5,297	iShares MSCI Japan Index Fund (cost €39,805)	43,224	4.40
647	iShares MSCI Switzerland Index Fund (cost €10,135)	12,137	1.24
924	iShares MSCI France Index Fund (cost €16,577)	16,897	1.72
18,018	Vanguard FTSE All-World ex-US ETF (cost €96,605)	643,228	65.49
Total United States (cost €729,930)		<u>792,593</u>	<u>80.69</u>
Total Exchange Traded Funds (Cost €876,565)		<u>958,233</u>	<u>97.56</u>
Total Investments in Securities (Cost €876,565)		<u>€ 958,233</u>	<u>97.56 %</u>

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

LOM EQUITY GROWTH FUND LTD.

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Class A U.S. \$	Class B EUR €
Investment Income		
Interest and dividends (net of withholding taxes)	\$ 107,034	€ 14,565
Expenses		
Management fees	88,947	14,836
Professional fees	25,999	4,896
Administration fees	4,346	682
Custodian fees	2,905	492
Miscellaneous	778	204
Total Expenses	122,975	21,110
Net Investment Loss	(15,941)	(6,545)
Realized and Unrealized Gain (Loss) on Investments and Foreign Currency		
Net realized gain on sale of investments	578,426	225,446
Net change in unrealized appreciation of investments	237,415	(104,318)
Net Realized and Unrealized Gain on Investments and Foreign Currency	815,841	121,128
Net Increase in Net Assets Resulting From Operations	\$ 799,900	€ 114,583

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

LOM EQUITY GROWTH FUND LTD.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Class A U.S. \$	Class B EUR €
Increase (Decrease) in Net Assets From Operations		
Net investment loss	\$ (15,941)	€ (6,545)
Net realized gain on sale of investments	578,426	225,446
Net change in unrealized appreciation of investments	<u>237,415</u>	<u>(104,318)</u>
Net Increase in Net Assets Resulting From Operations	<u>799,900</u>	<u>114,583</u>
Increase (Decrease) in Net Assets From Capital Share Transactions		
Proceeds from issuance of 560,801 Class A and 13,055 Class B shares	4,735,827	110,361
Payment on redemption of 89,763 Class A and 43,760 Class B shares	<u>(747,405)</u>	<u>(357,193)</u>
Net Increase (Decrease) in Net Assets Resulting From Capital Share Transactions	<u>3,988,422</u>	<u>(246,832)</u>
Net Increase (Decrease) in Net Assets	4,788,322	(132,249)
Net Assets - Beginning	<u>4,452,897</u>	<u>1,114,475</u>
Net Assets - Ending	<u><u>\$ 9,241,219</u></u>	<u><u>€ 982,226</u></u>

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

LOM EQUITY GROWTH FUND LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Class A U.S. \$	Class B EUR €
Cash Flows From Operating Activities		
Net increase in net assets resulting from operations	\$ 799,900	€ 114,583
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(10,885,704)	(1,739,000)
Proceeds from sale of investments	7,279,296	2,011,651
Net realized gain on sale of investments	(578,426)	(225,446)
Net change in unrealized appreciation of investments	(237,415)	104,318
Changes in operating assets and liabilities:		
Prepaid expenses	1,459	969
Accounts payable and accrued expenses	<u>(12,370)</u>	<u>(6,213)</u>
Total Adjustments	<u>(4,433,160)</u>	<u>146,279</u>
Net Cash Provided by (Used in) Operating Activities	(3,633,260)	260,862
Proceeds from issuance of shares	4,735,827	110,361
Payment on redemption of shares	<u>(747,405)</u>	<u>(357,193)</u>
Net Cash Provided by (Used in) Financing Activities	<u>3,988,422</u>	<u>(246,832)</u>
Net Increase in Cash and Cash Equivalents	355,162	14,030
Cash and Cash Equivalents – Beginning	<u>77,814</u>	<u>12,256</u>
Cash and Cash Equivalents – Ending	<u><u>\$ 432,976</u></u>	<u><u>€ 26,286</u></u>

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

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - NATURE OF FUND

ORGANIZATION

LOM Equity Growth Fund Ltd. (the “Fund”) is an open-ended investment company which was incorporated as an exempt company under the laws of the Cayman Islands on March 13, 2000. The Fund is registered as a regulated mutual fund pursuant to Section 4(3) of the Mutual Funds Law with the Cayman Islands Monetary Authority. The Fund is listed on the Bermuda Stock Exchange.

The objective of the Fund is to achieve above average long-term appreciation of capital while controlling risk through an effective program of diversification and investing primarily in quoted equities of large capitalized companies globally.

BCB Fund Services Limited (the “Administrator”) acts as Administrator, Registrar and Transfer Agent for the Fund. LOM Asset Management Limited (“LOMAM” or “Investment Manager”) (a related party to the Fund) acts as Investment Manager and owns 100% of the Management Shares (Note 3). Lines Overseas Management, Ltd. (a related party to the Fund) acts as paying agent and custodian to the Fund (“Custodian”).

Certain directors of the Fund are also principals, directors and officers of companies affiliated with LOMAM and the LOM Money Market Fund.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with United States (“U.S.”) generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Fund should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through May 31, 2011, which represents the date the financial statements were available to be issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash for the Class A participating shares consists of non interest bearing accounts temporarily held by the Fund's Custodian, a related party, in the amount of \$432,976 as of December 31, 2010.

Cash for the Class B participating shares consists of non interest bearing accounts temporarily held by the Fund's Custodian, a related party, in the amount of €1,624 as of December 31, 2010. The Fund considers all short-term investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents for the Class B participating shares include an investment in LOM Money Market Fund Ltd., a related party. Amounts invested in the LOM Money Market Fund Ltd. are carried as cash equivalents because the nature of money market funds does not fit the Fund's overall investment strategy. Such investments generally have no usage and withdrawal restrictions. At December 31, 2010 the fair market value of the cash equivalents was €4,662 (representing 365 shares) in the Class B Shares of LOM Money Market Fund Ltd.

INVESTMENT VALUATION AND REVENUE RECOGNITION

Investment transactions are accounted for on a trade date basis. Investments in other investment companies which consist of publicly traded mutual funds are valued at the net asset value or bid prices of the Fund, as published or otherwise reported by the respective stock exchange. The other investment companies in which the Fund invests will generally value securities traded on a national securities exchange or reported on a national market at the last reported sales price on the day of the valuation. Investments in exchange traded funds are stated at the last reported sales price on the day of valuation or at the last quoted bid price, if no sale was reported on the valuation date. (See Note 3)

Realized and unrealized gains and losses on investments are calculated using the first-in-first-out (FIFO) method, which approximates the average cost method, and are reported in the accompanying statement of operations.

INCOME RECOGNITION

Interest income, which consists of interest earned on the Fund's cash balances, is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date and is presented net of withholding taxes, which are withheld by Custodian's clearing brokers and netted against dividend income reported to the Fund.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSLATION

The Fund's functional currency is U.S. dollars for the Class A participating shares and Euros for the Class B participating shares. Investment securities denominated in foreign currencies are translated into U.S. dollar amounts for investments held by the Class A participants and Euros for the investments held by the Class B participants at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts for transactions occurring in Class A and Euros for transactions occurring in Class B on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized gain or loss on sale of investments, and the net change in unrealized appreciation on investments.

SCHEDULE OF INVESTMENTS

The accompanying schedule of investments presents the investments by country. The industry classifications included in the schedule of investments represent management's belief as to the most meaningful presentation of the classification of the Fund's investments.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, "Fair Value Measurements and Disclosures (Topic 920): Improving Disclosures about Fair Value Measurements". This ASU required some new disclosures and clarified some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. ASU 2010-06 amended 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. The adoption of ASU No. 2010-06 did not have a material impact on the Fund's financial position, results of operations or cash flows.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - FAIR VALUE MEASUREMENTS

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

- Level 1 - Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date. Valuation adjustments and block discounts are not applied to Level 1 investments.
- Level 2 - Valuations based on other significant observable inputs (including quoted prices for similar securities, quoted prices in markets that are not active, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 - Valuations based on significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

Securities for which market quotations are not readily available are fair valued as determined by the Investment Manager. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Fair value pricing may be used where: (i) a security is illiquid (restricted securities and repurchase agreements maturing in more than seven days); (ii) the market or exchange for a security is closed on an ordinary trading day and no other market prices are available; (iii) the security is so thinly traded that there have been no transactions in the stock over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the security.

The use of valuation techniques and the availability of observable inputs can vary from security to security and is affected by a wide variety of factors and other characteristics particular to the transaction. Factors that may be considered when fair valuing a security

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

are: fundamental analytical data relating to the investment in the security; evaluation of the forces that influence the market in which the security is purchased and sold; type of security or asset; financial statements of issuer; special reports prepared by analysts or the Investment Manager; information as to any transactions or offers with respect to the security; and the historical tendency of the security's price to track or respond to general and specific market movements (in terms of indices, sectors, or other market measurements). To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following are the Fund's major classes of assets measured at fair value as of December 31, 2010:

Description	Class A U.S. \$ Quoted Prices in Active Markets for Identical Assets (Level 1)	Class B EUR € Quoted Prices in Active Markets for Identical Assets (Level 1)
Assets:		
Investments in Common Stock ^(a)	\$5,700,931	€ --
Investments in Exchange Traded Funds ^(a)	3,123,078	958,233
Cash Equivalents - Investments in Money Market Fund	<u> --</u>	<u> 4,662</u>
Total Assets	<u>\$8,824,009</u>	<u>€62,895</u>

^(a) Additional information regarding the industry classifications and/or geographical location of these investments is disclosed in the schedule of investments.

During the year ended December 31, 2010, the Fund did not have any significant transfers between Level 1 or 2. The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES

Equity Securities (Common Stocks and Exchange Traded Funds (“ETF’s”))

Equity Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Registered Open End Mutual Funds and ETF’s are valued at the last published price reported on the major market on which the mutual funds and ETF’s are traded and are classified as Level 1.

NOTE 4 - CAPITAL STOCK

The Fund has an authorized share capital stock of \$25,000 (Class A U.S. \$) and €25,000 (Class B EUR €) divided into 24,999,000 non-voting redeemable Class A Participating Shares, 1,000 Management Shares and 25,000,000 non-voting redeemable Class B Participating Shares of a par value of \$0.001 (Class A Participating and Management Shares) and €0.001 (Class B Participating Shares) each. Participating Shares are offered for sale to investors with rights to participate in the profits of the Fund but no voting rights.

Management Shares have voting rights but no right to participate in the profits of the Fund, and no dividends may be declared or paid on the Management Shares. Except for repayment of amounts paid in for the Management Shares, LOMAM may not receive any distribution of assets of the Fund in liquidation or dissolution of the Fund.

The Investment Manager owns 100% of the Management Shares which consist of 1,000 shares of Class A voting, non-participating, and non-redeemable shares. There are no other management shares.

Shares are subscribed for and redeemed on each Dealing Day at a value as calculated at close of business on each Dealing Day. The Dealing Day is the last business day of each week, or such other days as the Directors may determine. The minimum initial subscription is \$50,000 for Class A and EUR €50,000 for Class B.

At December 31, 2010, LOM Nominees Limited (“LOM Nominees”) held all of the shares of the Fund. LOM nominees is the registered holder of all the shares of the Fund. During the year ended December 31, 2010, LOM Nominees bought 560,801 and sold 89,763 Class A shares and bought 13,055 and sold 43,760 Class B shares of the Fund.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - CAPITAL STOCK (CONTINUED)

Transactions in shares of the Fund for the year ended December 31, 2010 were as follows:

	Balance January 1, 2010	Shares Issued	Shares Redeemed	Balance December 31, 2010
Participating Shares:				
Class A U.S. \$	543,796	560,801	89,763	1,014,834
Class B EUR €	138,845	13,055	43,760	108,140

NOTE 5 - RELATED PARTY TRANSACTIONS

MANAGEMENT FEE

The Investment Manager is entitled to receive an annual fee of 1.50% of the Fund's net asset value for each class of shares, accrued weekly and payable quarterly.

Management fees incurred and paid during the year ended December 31, 2010 totaled \$88,947 and €14,836.

CUSTODIAN FEE

Under the Custody Agreement dated March 31, 2000, the Custodian is entitled to receive a fee of 0.05% per annum of the net asset value of each class of shares, calculated weekly and payable monthly, subject to a minimum fee of \$3,000 per year in respect to both classes combined. During 2010, the Custodian charged and was paid by the Fund fees totaling \$2,905 and €492, respectively.

NOTE 6 - ADMINISTRATION FEES

In accordance with the terms of the contract with the Administrator, the Fund is charged administrative fees equal to the greater of 0.05% of the combined net asset value of the Fund and the Fund's related party investment companies or a minimum of \$110,000, allocated to the Fund and the Fund's related party investment companies pro-rata based on the net asset value of each investment company in relation to the combined net asset value. During 2010, administration fees amounted to \$4,346 and €682.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 - TAXATION

Under current Cayman Islands law the Fund is not required to pay income taxes in the Cayman Islands on income, profits or capital gains. The Fund obtained an exemption from the Cayman Islands authorities from such taxes for a period of 20 years from the date of incorporation of the Fund. The Fund is also not subject to income taxes under current Bermuda law or any other jurisdiction.

It is Management's belief that the Fund is not engaged in United States trade or business and is not subject to United States income or withholding taxes in respect of the profits and losses of the Fund other than the 30% withholding tax on US source equity dividends. Foreign securities held by the Fund may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes, if any, are withheld by the Fund's clearing brokers based on the tax laws in the applicable foreign jurisdictions. In addition, Management believes the Fund is not subject to income taxes in any other jurisdiction and that there are no uncertain tax positions that would require recognition in the financial statements. As a result, Management has made no provision for income taxes in the accompanying financial statements.

For all open tax years and for all major taxing jurisdictions, the Investment Manager has concluded that the entity is exempt from income taxes and there are no uncertain tax positions that would require recognition in the financial statements. If the Fund were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. No interest expense or penalties have been recognized as of or for the period ended December 31, 2010. The Investment Manager's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. The Fund is subject to income tax examinations by major taxing authorities for all tax years since its inception.

NOTE 8 - GUARANTEES

In the normal course of its operations, the Fund enters into contracts or agreements that contain indemnifications and warranties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2010 are as follows:

	Class A U.S. \$	Class B EUR €
Per Share Operating Performance:		
Net Asset Value Per Share - Beginning	\$ 8.19	€8.03
Net investment loss	(0.02)	(0.06)
Net realized and unrealized gain on investments	<u>0.94</u>	<u>1.11</u>
Net Asset Value Per Share - Ending	<u>\$ 9.11</u>	<u>€9.08</u>
Total Return	11.23%	13.08%
Ratio to Average Net Assets:		
Total expenses	2.07%	2.16%
Net investment loss	(0.27)%	(0.67)%

Financial highlights are calculated for the class of shares taken as a whole. An individual shareholder's return and ratios may vary based on the timing of capital transactions.

Total return is calculated based on the change in net asset value of shares indicated above during the year. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 2010. Interest and dividend income from underlying funds, if any, is included in the net realized and unrealized gain on investments in the accompanying statement of operations and is not included in the net investment loss.

NOTE 10 - FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

CREDIT RISK

The Fund maintains custody accounts with mainly one prime broker. At December 31, 2010, the Fund's cash and cash equivalents and all of the securities owned were held at the Prime Broker. The Fund is subject to credit risk should this broker be unable to fulfill its obligations to return the Fund's cash or securities. The Fund's exposure to credit risk is limited to amounts recorded as assets in the statement of assets and liabilities.

LOM EQUITY GROWTH FUND LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

LIQUIDITY RISK

Liquidity risk arises in the general funding of the Fund's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. Generally, the financial instruments can be closed out at the discretion of the Investment Manager. An illiquid or closed market, however, could prevent the closeout of positions.

MARKET RISK

Market risk arises primarily from uncertainty around the future prices of financial instruments held by the Fund and represents the loss the Fund might incur through holding such instruments in the face of price movements. The Investment Manager allocates the Fund's portfolio of investments with a view to minimizing the risk associated with particular countries and industry sectors.

CURRENCY RISK

The investments of each Fund are denominated in the related base-currency thus minimizing currency risk. The investments of each Fund 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.