

Aurum Investor Dollar Fund Ltd.

Annual Report and Audited Financial Statements

For the year ended 31 December 2010

# **Aurum Investor Dollar Fund Ltd.**

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# **Aurum Investor Dollar Fund Ltd.**

## **Directors and service providers**

<b>Company</b>	<p>Aurum Investor Dollar Fund Ltd. Aurum House 35 Richmond Road P.O. Box HM 1806 Hamilton HM 08 Bermuda</p> <p>Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164</p>
<b>Directors</b>	<p>Dudley R Cottingham W Roger Davidson* Tina Gibbons Clifford J Gundle Adam Hopkin Christopher C Morris S Arthur Morris Meliosa O’Caoimh*</p>
<b>Custodian</b>	<p>Northern Trust Fiduciary Services (Ireland) Limited George’s Court 54 - 62 Townsend Street Dublin 2 Ireland</p> <p>Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920</p>
<b>Promoter and Investment Advisor</b>	<p>Aurum Fund Management Ltd. Aurum House 35 Richmond Road P.O. Box HM 1806 Hamilton HM 08 Bermuda</p> <p>Tel: (1) (441) 292 6952 Fax: (1) (441) 295 4164</p>
<b>Administrator</b>	<p>Northern Trust International Fund Administration Services (Ireland) Limited George’s Court 54 - 62 Townsend Street Dublin 2 Ireland</p> <p>Tel: (353) (1) 542 2000 Fax: (353) (1) 542 2920</p>

\*Non-Executive Directors

## Aurum Investor Dollar Fund Ltd.

### Directors and service providers (continued)

**Bermuda  
Administrator,  
Registrar and  
Secretary**

Global Fund Services Ltd.  
Century House  
16 Par-la-Ville Road  
P.O. Box HM 1806  
Hamilton HM 08  
Bermuda

Tel: (1) (441) 292 7478  
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**Independent  
Auditor**

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
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**Sponsoring  
Broker for  
Bermuda Stock  
Exchange**

Continental Sponsors Ltd.  
Century House  
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Broker for  
Irish Stock  
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Advisors in  
Matters of  
Bermuda Law**

Conyers Dill & Pearman Limited  
Clarendon House  
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Bermuda

Tel: (1) (441) 295 1422  
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# **Aurum Investor Dollar Fund Ltd.**

## **Directors' Report**


The Directors have the pleasure to present the audited annual accounts of Aurum Investor Dollar Fund Ltd. (the "Company") for the year ended 31 December 2010 and report as set out herein in respect of matters required by the Irish Stock Exchange and Bermuda Stock Exchange listing regulations.

At 31 December 2010, the Net Asset Value per Participating Share was US\$355.29 (2009: US\$346.65).

No dividends have been declared in the year ended 31 December 2010 (2009: US\$Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2010 (2009: US\$Nil).

The Company is a Feeder Fund which invests solely in the Participating Shares of Aurum Investor Fund Ltd. (the "Master Fund"). The Company's investment objective is to achieve long term capital growth by investing its assets in the Shares of the Master Fund.

The annual report and audited financial statements of the Master Fund for the year ended 31 December 2010 are sent to all Shareholders with the accounts of the Company.



**Dudley R Cottingham**  
**Director**

3 May 2011

## **Aurum Investor Dollar Fund Ltd.**

### **Independent Auditor's Report to the Members of Aurum Investor Dollar Fund Ltd.**

We have audited the accompanying financial statements of Aurum Investor Dollar Fund Ltd. (the "Company"), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2010 and the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Participating Shares and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the shareholders of the Company, as a body, in accordance with the terms of our engagement. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for the audit work, for the report or for the opinion we have formed.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



KPMG  
Chartered Accountants

1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland  
3 May 2011

## Aurum Investor Dollar Fund Ltd.

### Portfolio Statement as at 31 December 2010

Fund	2010			2009		
	Nominal Holding	Fair Value US\$	% of NAV	Nominal Holding	Fair Value US\$	% of NAV
Aurum Investor Fund Ltd.	401,301	142,247,597	100.00	372,646	128,876,930	100.00
Current Assets		479,741	0.34		1,474,819	1.14
Total Assets		<b>142,727,338</b>	<b>100.34</b>		<b>130,351,749</b>	<b>101.14</b>
Liabilities		(478,711)	(0.34)		(1,475,000)	(1.14)
Net Assets		<b>142,248,627</b>	<b>100.00</b>		<b>128,876,749</b>	<b>100.00</b>

*The accompanying notes form part of these financial statements.*

**Aurum Investor Dollar Fund Ltd.**

**Statement of Comprehensive Income for the year ended  
31 December 2010**

<b>2009</b>		<b>Notes</b>	<b>2010</b>
<b>US\$</b>			<b>US\$</b>
	<b>Income from financial assets at fair value through profit or loss</b>	<b>2</b>	
182	Net interest income		0
6,977,882	Net unrealised capital gain on investments		2,615,940
2,658,012	Net realised capital gain on investments		1,190,407
<b>9,636,076</b>	<b>Total income from financial assets at fair value through profit or loss</b>		<b>3,806,347</b>
	<b>Expenses</b>	<b>2</b>	
0	Net interest expense		2,713
<b>0</b>	<b>Operating expenses</b>		<b>2,713</b>
	<b>Change in net assets attributable to holders of Participating Shares resulting from operations</b>		<b>3,803,634</b>

*The accompanying notes form part of these financial statements.*



# Aurum Investor Dollar Fund Ltd.

## Statement of Financial Position as at 31 December 2010

2009 US\$		Notes	2010 US\$
	<b>Assets</b>		
	<b>Financial assets at fair value through profit or loss</b>		
128,876,930	Investments at fair value	2	142,247,597
	<b>Loans and receivables</b>		
1,474,819	Cash and cash equivalents	2	479,741
<b>130,351,749</b>	<b>Total Assets</b>		<b>142,727,338</b>
	<b>Liabilities</b>		
	<b>Financial liabilities measured at amortised cost</b>		
1,475,000	Subscriptions to shares not yet allotted		478,711
<b>1,475,000</b>	<b>Total Liabilities (excluding amounts attributable to holders of Participating Shares)</b>		<b>478,711</b>
	<b>Net Assets attributable to holders of Participating and Sponsor Shares</b>		
<b>128,876,749</b>	<b>Shares</b>	4	<b>142,248,627</b>
<b>128,876,739</b>	<b>Net Assets attributable to holders of Participating Shares</b>	6	<b>142,248,617</b>
<b>10</b>	<b>Net Assets attributable to holders of Sponsor Shares</b>	4	<b>10</b>
<b>371,775.54</b>	<b>Participating Shares outstanding (number of shares)</b>	4	<b>400,371.10</b>
<b>346.65</b>	<b>Net Asset Value per Participating Share</b>	6	<b>355.29</b>

These financial statements were approved by the Directors on 3 May 2011 and signed on their behalf by:



**D.R. Cottingham**

**Director**



**C.C. Morris**

**Director**

*The accompanying notes form part of these financial statements.*

## Aurum Investor Dollar Fund Ltd.

### Statement of Changes in Net Assets Attributable to Holders of Participating Shares for the year ended 31 December 2010

	Total US\$
<b>Balance at 1 January 2010</b>	<b>128,876,739</b>
Change in net assets attributable to holders of participating shares resulting from operations	3,803,634
Subscriptions during the year	23,554,125
Redemptions during the year	(13,985,881)
<b>Balance at 31 December 2010</b>	<b>142,248,617</b>
<b>Balance at 1 January 2009</b>	<b>123,168,409</b>
Change in net assets attributable to holders of participating shares resulting from operations	9,636,076
Subscriptions during the year	17,936,478
Redemptions during the year	(21,864,224)
<b>Balance at 31 December 2009</b>	<b>128,876,739</b>

*The accompanying notes form part of these financial statements.*



# Aurum Investor Dollar Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2010

### 1 General

Aurum Investor Dollar Fund Ltd. ("the Dollar Fund" or the "Company") was incorporated in the British Virgin Islands on 27 July 1994 and redomiciled to Bermuda on 1 December 2003 under the Companies Act 1981 as amended and acts as an investment company. Shares of the Dollar Fund are denominated in US dollars. The Dollar Fund is one of three Feeder Funds comprising the Dollar Fund, Aurum Investor Euro Fund Ltd. (the "Euro Fund") and Aurum Investor Sterling Fund Ltd. (the "Sterling Fund") that invest in Aurum Investor Fund Ltd. (the "Master Fund"). The other Feeder Funds have Euro and Sterling denominated shares respectively.

The Feeder Funds must solely invest into Participating Shares of the Master Fund, except in the case of the Sterling and Euro Funds in respect of currency hedging. The Participating Shares of the Master Fund are valued in US dollars. The Sterling and Euro Funds whilst investing into US dollar denominated Participating Shares of the Master Fund will, by appropriate currency hedging, seek to protect the value of their shares in sterling and euro terms respectively irrespective of movements in currency values between the US dollar, sterling and euro. The Master Fund pays the fees of Administrators, Custodian, the Investment Advisor, audit, formation and minor out of pocket expenses and Directors' fees of all funds. Each Fund will otherwise bear its own costs and liabilities.

The Company's investment objective is to achieve long-term capital growth by investing in the Participating Shares of the Master Fund. The annual report and audited financial statements of the Master Fund for the year ended 31 December 2010 are attached and should be read in conjunction with these financial statements.

The audited financial statements were approved by the Board of Directors on 3 May 2011.

### 2 Principal Accounting Policies

The principal accounting policies which have been applied are set out below.

#### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

#### Basis of Preparation

The financial statements are presented in the currency of the primary economic environment in which the Company operates, which is the US dollar, reflecting the fact that the redeemable Participating Shares are issued in US dollars and the Company's operations are primarily conducted in US dollars. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. All other assets and liabilities are stated at amortised cost.

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year.

#### Changes in accounting policy and disclosures

During the year, the IASB approved amendments to a number of existing standards as a result of the improvements project and issued several new standards. The objectives of the improvements project were to reduce or eliminate alternatives, redundancies and conflicts within the standards, to deal with some convergence issues and to make other improvements.

The Directors are of the belief that there has been no material impact of these and other revised standards on the current year's financial statements.

There are a number of other IFRS and interpretations which were in issue but have not been applied in the financial statements as they are not yet effective. The Directors anticipate that the adoption of these standards will have no material impact on the financial statements of the Fund.

# **Aurum Investor Dollar Fund Ltd.**

## **Notes to the Financial Statements for the year ended 31 December 2010 (continued)**

### **2 Principal Accounting Policies (continued)**

#### **Changes in accounting policy and disclosures (continued)**

However, IFRS 9 (Financial Instruments) issued in November 2009 (IFRS 9 (2009)) will change the classification of financial assets and liabilities. The standard is not expected to have an impact on the measurement basis and classification of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

The standard is effective for annual periods beginning on or after 1 January 2013 subject to EU endorsement. Earlier application is permitted. The Company does not plan to adopt this standard early.

#### **Investments**

The Company, on initial recognition, designates all investments as at fair value through profit or loss as, in doing so, it results in more relevant information because the investments and related liabilities are managed as a group of financial assets and liabilities and performance is evaluated on a fair value basis and reported to key management personnel on that basis.

Investments in collective investment schemes are recorded at the net asset value per share as reported by the administrators of such funds. Investment transactions are recorded on a settlement date basis which is the date of cash subscription of the investment or the date cash is received from redemption of an investment. Realised capital gains and losses on investment transactions are determined on the weighted average cost basis and are included in the Statement of Comprehensive Income. Unrealised capital gains and losses from a change in the fair value of investments are recognised in the Statement of Comprehensive Income.

Where administrators are unable to provide net asset value per share, the Directors make their own assessment of value based on available information.

Under IFRS, Participating Shares are treated as a financial liability and the format of the Statement of Financial Position reflects this position.

#### **Translation of Foreign Currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at exchange rates in effect at the date of the financial statements. Transactions in foreign currencies are translated into US dollars based on exchange rates on the date of the transaction.

#### **Interest Income**

Interest income is recognised in the Statement of Comprehensive Income for all interest bearing instruments on an effective interest basis.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances held at banks together with bank overdrafts. The bank overdrafts are repayable on demand and form an integral part of the Company's cash management system.

#### **Taxation**

The Company has received an undertaking from the Ministry of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act, 1966 exempting the Company from income, profit, capital transfer or capital taxes, should taxes be enacted, until 28 March 2016.

#### **Expenses**

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

## Aurum Investor Dollar Fund Ltd.

### Notes to the Financial Statements for the year ended 31 December 2010 (continued)

#### 2 Principal Accounting Policies (continued)

##### Use of Estimates

The preparation of financial statements in accordance with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

##### Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered. Assets that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as at the settlement date. The Company uses the weighted average cost basis to determine the realised gain or loss on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### 3 Fees

The Company pays no direct fees. Please refer to the accompanying Master Fund financial statements for notes regarding fees paid by the Master Fund.

#### 4 Share Capital

	December 2010 US\$	December 2009 US\$
Authorised share capital of US\$0.01 par value per share		
1,000 Sponsor Shares	10	10
4,999,000 Participating Shares	49,990	49,990
	50,000	50,000

All of the Sponsor Shares have been issued to and are beneficially owned by the Investment Advisor. The Sponsor Shares do not carry the right to participate in the assets of the Company in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distribution of the Company so long as Participating Shares are in issue.

The Participating Shares are entitled to receive, to the exclusion of the Sponsor Shares, any dividends which may be declared by the Board of the Company and, upon the winding up of the Company, their par value and any surplus remaining after paying to the holders of the Sponsor Shares the par value of the Sponsor Shares (to the extent actually paid up in cash). The Sponsor Shares have the general voting powers of the Company and the holders of Participating Shares are entitled to receive notice of and attend all general meetings of the members.

	Number of Participating Shares		Number of Participating Shares
Opening at 1 January 2010	371,775.54	Opening at 1 January 2009	385,437.85
Issued during the year	69,396.93	Issued during the year	52,907.87
Redeemed during the year	(40,801.37)	Redeemed during the year	(66,570.18)
Closing at 31 December 2010	400,371.10	Closing at 31 December 2009	371,775.54

## Aurum Investor Dollar Fund Ltd.

### Notes to the Financial Statements for the year ended 31 December 2010 (continued)

#### 4 Share Capital (continued)

##### Statement of Changes in Sponsor and Participating Shares

	Sponsor Shares US\$	Participating Shares US\$	Share Premium US\$	Return allocated to Participating Shareholders US\$	Total US\$
<b>Balance at 1 January 2010</b>	<b>10</b>	<b>3,718</b>	<b>13,717,119</b>	<b>115,155,902</b>	<b>128,876,749</b>
Change in net assets attributable to holders of participating shares				3,803,634	3,803,634
Subscriptions during the year		694	23,553,431		23,554,125
Redemptions during the year		(408)	(13,985,473)		(13,985,881)
<b>Balance at 31 December 2010</b>	<b>10</b>	<b>4,004</b>	<b>23,285,077</b>	<b>118,959,536</b>	<b>142,248,627</b>
<b>Balance at 1 January 2009</b>	<b>10</b>	<b>3,854</b>	<b>17,644,729</b>	<b>105,519,826</b>	<b>123,168,419</b>
Change in net assets attributable to holders of participating shares				9,636,076	9,636,076
Subscriptions during the year		530	17,935,948		17,936,478
Redemptions during the year		(666)	(21,863,558)		(21,864,224)
<b>Balance at 31 December 2009</b>	<b>10</b>	<b>3,718</b>	<b>13,717,119</b>	<b>115,155,902</b>	<b>128,876,749</b>

#### 5 Bank Overdraft

The Company has a facility with Northern Trust (Guernsey) Limited and any outstanding bank overdraft is secured over the portfolio of the Company.

#### 6 Net Asset Value per Participating Share

The Net Asset Value per Participating Share is calculated by dividing the net assets less the par value of the Sponsor Shares included in the Statement of Financial Position by the number of Participating Shares in issue at the year end.

	December 2010	December 2009
Total Net Assets (US\$) Less Par Value of Sponsor Shares	142,248,617	128,876,739
Issued Participating Shares	400,371.10	371,775.54
<b>Net Asset Value per Participating Share (US\$)</b>	<b>355.29</b>	<b>346.65</b>

#### 7 Related Parties

The Company, Administrators, Investment Advisor, Custodian and Directors are related parties by virtue of the material contracts in existence that are outlined in notes 3 to 5 of the financial statements of the Master Fund.

Mr C C Morris, Mrs T Gibbons and Mr A Hopkin are directors of the Investment Advisor. Mr S A Morris, Mr D R Cottingham and Mr C J Gundle are directors of and, directly and indirectly, hold shares in the Investment Advisor. Mr S A Morris, Mr D R Cottingham and Mr C C Morris are directors of Continental Sponsors Ltd., the sponsoring broker on the Bermuda Stock Exchange and are also directors of Global Fund Services Ltd., the Bermuda Administrator.

Ms M O'Caoimh is an employee of the Irish Administrator.

## Aurum Investor Dollar Fund Ltd.

### Notes to the Financial Statements for the year ended 31 December 2010 (continued)

#### 7 Related Parties (continued)

Aurum Fund Management Ltd. is also the sponsor and advisor to a number of other investment companies and the directors of the Company, the Master Fund and Aurum Fund Management Ltd. may serve as directors of such companies.

Persons connected to the Directors, as defined under the Irish Stock Exchange listing requirements, directly and indirectly own all the Sponsor Shares of the Company. At 31 December 2010, Directors and Persons so connected held the following Participating Shares in the Company.

	Number of Shares	
	2010	2009
Connected Persons of Directors	11,781.04	451.42
	11,781.04	451.42

All dealings between all parties were at arm's length prices.

#### 8 Financial Instruments and Risk Exposure

The Company invests all of its assets into the Master Fund, which is exposed to market risk, currency risk, credit risk and liquidity risk arising from the financial instruments it holds. These risks are explained in the financial statements of the Master Fund which are attached.

#### 9 Fair Value Measurement

The International Accounting Standards Board published *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* that are explained in Note 11 of the Master Fund financial statements.

The following table presents the financial instruments carried on the Statement of Financial Position by level within the valuation hierarchy as at 31 December 2010.

##### Financial assets at fair value through profit or loss

At 31 December 2010	Total	Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Aurum Investor Fund Ltd.	142,247,597	-	142,247,597	-
Total	142,247,597	-	142,247,597	-

##### Financial assets at fair value through profit or loss

At 31 December 2009	Total	Level 1	Level 2	Level 3
	US\$	US\$	US\$	US\$
Aurum Investor Fund Ltd.	128,876,930	-	128,876,930	-
Total	128,876,930	-	128,876,930	-

#### 10 Subsequent Events

No events have occurred in respect of the Company subsequent to the year end that may be deemed relevant to the accuracy of these financial statements.