



Ithaca Universal Fund Ltd.
Audited Financial Statements
For the Year Ended December 31, 2011

ITHACA UNIVERSAL FUND LTD.

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Ithaca Universal Fund Ltd.

Directors' Report

The Directors present the audited financial statements of Ithaca Universal Fund Ltd. (the "Fund") for the period from January 1, 2011 to December 31, 2011.

Investments

The Fund has no investment with a value greater than five percent of the total portfolio.

Subsidiaries

The Fund has no subsidiary.

Related party transactions

The Fund issued redeemable shares to Alexandros Tselentis representing 2.92% of the net assets attributable to holders of redeemable shares. In addition, Mr Tselentis is the key principal of Ithaca Capital Advisers Ltd., who acts as the Investment Manager of the Fund. During the period ended December 31, 2011, the Investment Manager charged \$59,196 of management fees.

Fiduciary Group Limited, one of the directors of the Fund, is a dedicated Director Company wholly owned by Folio Administrators Limited. Folio Administrators Limited serves as the Administrator of the Fund. During the period ended December 31, 2011, the Administrator charged \$24,666 of administration fees.

The Directors received a total remuneration of \$12,500 for their services. None of the directors agreed to waive any emoluments.

Forecast

The Fund did not publish any forecast.


Accounting standards

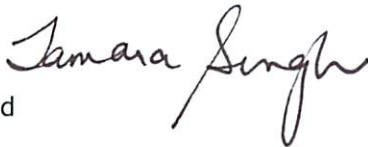
The Fund's financial statements are prepared in accordance with International Financial Reporting Standards, under the historical cost convention, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Results, assets and liabilities

The results, assets and liabilities for the period ended December 31, 2010 were as follows:

	2011
Net loss for the period	\$463,350
Total assets	\$3,930,212
Total liabilities, excluding the net assets attributable to holders of redeemable shares	\$963,520


Fiduciary Group Limited
Director
June 26, 2012





Tel: (284) 494 3783
Fax: (284) 494 2220
www.bdo.vg

PO Box 34
Sea Meadow House
Tobacco Wharf
Road Town
Tortola VG1110
British Virgin Islands

Independent Auditors' Report

To the Shareholders of
Ithaca Universal Fund Ltd.
Tortola, British Virgin Islands

We have audited the accompanying financial statements of Ithaca Universal Fund Ltd., which comprise of the statement of financial position as at December 31, 2011, and the related statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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 policies 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ithaca Universal Fund Ltd. as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

June 28, 2012
Tortola, British Virgin Islands

ITHACA UNIVERSAL FUND LTD.

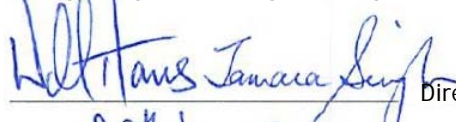
Statement of Financial Position

December 31, 2011

(Expressed in United States Dollars)

	Note	2011	2010
ASSETS			
Financial assets at fair value through profit or loss	3	2,986,621	4,147,782
Due from related parties	5	7,376	3,026
Cash and cash equivalents		183,036	69,322
Due from broker		753,179	-
Total current assets		3,930,212	4,220,130
LIABILITIES			
Financial liabilities at fair value through profit or loss	3	935,073	-
Due to related parties	5	20,146	26,672
Due to broker		-	1,945,664
Payables		8,301	17,752
Total current liabilities		963,520	1,990,088
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		\$ 2,966,692	\$ 2,230,042

APPROVED ON BEHALF OF THE BOARD


Director


Date Approved

The accompanying notes form an integral part of these financial statements

ITHACA UNIVERSAL FUND LTD.

Statement of Comprehensive Income For the Year Ended December 31, 2011 (Expressed in United States Dollars)

	Note	2011	2010
INCOME			
Net realised loss on financial assets and financial liabilities at fair value through profit or loss		(193,329)	(127,252)
Net unrealised movement on financial assets and financial liabilities at fair value through profit or loss		(149,588)	125,532
Dividend income		75,784	26,990
Other income		-	2,662
		(267,133)	27,932
EXPENSES			
Administration fees	5	24,666	13,336
Commission		36,875	11,182
Directors fees	5	12,500	8,333
Bank and interest expense		14,165	8,994
Management fees	5	59,196	28,229
Other expenses		35,610	5,491
Performance fees	5	(195)	195
Professional fees		13,400	8,508
		196,217	84,268
NET LOSS FOR THE YEAR/PERIOD		\$ (463,350)	\$ (56,336)

The accompanying notes form an integral part of these financial statements

ITHACA UNIVERSAL FUND LTD.

Statement of Changes in Equity For the Year Ended December 31, 2011 (Expressed in United States Dollars)

	2011	2010
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Opening balance	2,230,042	-
REDEEMABLE SHARE TRANSACTIONS		
Issue of redeemable shares	1,200,000	2,375,100
Redemption of redeemable shares	-	(88,722)
	1,200,000	2,286,378
NET LOSS FOR THE YEAR/PERIOD	(463,350)	(56,336)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Ending Balance	\$ 2,966,692	\$ 2,230,042

The accompanying notes form an integral part of these financial statements

ITHACA UNIVERSAL FUND LTD.

Statement of Cash Flows For the Year Ended December 31, 2011 (Expressed in United States Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year/period	(463,350)	(56,336)
Adjustments to reconcile net income before tax to cash from operations before working capital changes:		
Net realised loss on financial assets and financial liabilities at fair value through profit or loss	193,329	127,252
Net unrealised movement on financial assets and financial liabilities at fair value through profit or loss	149,588	(125,532)
Dividend income	(75,784)	(26,990)
Cash from operations before working capital changes:		
Purchase of financial assets and financial liabilities at fair value through profit or loss	(25,947,923)	(12,644,440)
Sale of financial assets and financial liabilities at fair value through profit or loss	27,701,240	8,494,938
Increase in due from related parties	(4,350)	(3,026)
Increase in due from broker	(753,179)	-
(Decrease) increase in due to related parties	(6,526)	26,672
(Decrease) increase in due to broker	(1,945,664)	1,945,664
(Decrease) increase in payables	(9,451)	17,752
Dividend received	75,784	26,990
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,086,286)	(2,217,056)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from share subscriptions	1,200,000	2,375,100
Net payments from share redemptions	-	(88,722)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,200,000	2,286,378
INCREASE IN CASH AND CASH EQUIVALENTS	113,714	69,322
CASH AND CASH EQUIVALENTS		
At beginning of year/period	69,322	-
At end of year/period	\$ 183,036	\$ 69,322

The accompanying notes form an integral part of these financial statements

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

1. Incorporation and Activity

Ithaca Universal Fund Ltd. (the "Fund") was incorporated in the British Virgin Islands on November 12, 2009 under the BVI Business Companies Act, 2004 (as amended) and the Fund is recognised as a professional fund under the Securities and Investment Business Act, 2010. The Fund commenced operations on May 1, 2010 ("Commencement"). The Fund is listed with the Bermuda Stock Exchange since December 17, 2010. The Fund's registered office is located at Folio House, James Walter Francis Drive, P.O. Box 800, Road Town Tortola, British Virgin Islands.

The Fund's objective is to achieve capital appreciation, whilst limiting risk of loss, by investing long and short in listed equities on Global Markets, equity linked derivatives, money market instruments and cash. The Investment Manager will employ a bottom up approach to equity selection and actively uses the interplay between (described below) long and short components to manipulate the portfolio's risk versus the market.

The Fund's investment activities are managed by Ithaca Capital Advisers Ltd. (the "Investment Manager"). Folio Administrators Limited (the "Administrator") provides administrative services to the Fund.

2. Significant Accounting Policies

(a) Basis of preparation

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The Fund's financial accounting records are kept in United States ("US") dollars.

(b) Standards, amendments and interpretations to existing standards effective and relevant to the Fund

- **Improvements to IFRSs.** Issued in May 2010, the improvements contain numerous amendments to IFRS, which are considered non-urgent but necessary. The improvements result in accounting changes for presentation, recognition or measurement purposes; or they are terminology or editorial changes only. These improvements have no significant impact in the Fund's accounting practice (mostly effective for annual period beginning on or after January 1, 2011).
- **IAS 24 (revised), Related Party Disclosures.** The revision clarifies the definition of related parties (effective for annual period beginning on or after January 1, 2011).
- **IAS 32 (amendment), Financial Instruments: Presentation.** Amendments relating to classification in equity of rights issues as long as the right issues are offered for a fixed amount and issued pro rata to an entity's all existing shareholders in the same class of shares (effective for annual period beginning on or after February 1, 2010)

The application of the above mentioned amendments had no significant effect on the current period or any prior period. None of the other new standards, interpretations and amendments effective for the first time from January 1, 2011, have had a material effect on the financial statements.

(c) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Fund

The following new standards, interpretations and amendments, which have not been applied in these financial statements will or may have an effect of the Fund's future financial statements:

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

2. Significant Accounting Policies (continued)

(c) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Fund (continued)

- **IFRS 7 (amendment), Financial Instruments: Disclosures.** The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period (effective for annual period beginning on or after July 1, 2011). Additional amendments in IFRS 7 will also require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position (effective for annual periods beginning on or after January 1, 2015).
- **IFRS 9, Financial Instruments.** This new standard completes the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement. The classification of financial instruments will be based on how an entity manages its financial instruments and the contractual cash flows. IFRS 9 will also permit a single impairment method. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. As a result, this new standard will increase comparability, enhance the ability of the users to understand the accounting of financial instruments and reduce the complexity (effective for annual periods beginning on or after January 1, 2015).
- **IFRS 13, Fair Value Measurement.** This new standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs (effective for annual periods beginning on or after January 1, 2013).

None of the other new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2011 and which have not been adopted early, are expected to have no material effect on the Fund's future financial statements.

(d) Foreign currency

Transactions entered into by the Fund in a currency other than US dollars (the "foreign currencies") are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of financial statements.

Foreign exchange gains and losses arising from translation of financial assets and financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income within "Net realised gain on financial assets and financial liabilities at fair value through profit or loss". All other foreign exchange gains and losses are recognised in the statement of comprehensive income within "Net foreign currency gain (loss)".

(e) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 and assumptions.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

2. Significant Accounting Policies (continued)

(f) Financial assets

The Fund classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Fund has not classified any of its financial assets as held to maturity.

(i) Fair value through profit or loss

This category comprises investments held long and in-the-money derivatives (see Financial liabilities for out-of-the-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income within "Unrealised movement on financial assets and financial liabilities at fair value through profit or loss".

(ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Fund will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Fund's loans and receivables comprise due from related parties, cash and cash equivalents and due from broker.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three month or less .

Amounts due from broker represents cash, foreign cash, margin debit balances, receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the financial statements respectively.

(g) Financial liabilities

The Fund classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Fund's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises investments sold, but not yet purchased and out-the-money derivatives (see Financial assets for in-the-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

(ii) Other financial liabilities

Other financial liabilities include the following items:

- Due to broker includes cash, foreign cash, margin debit balances and amounts receivable, payable on investment transactions.
- Accounts payable and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- The redeemable shares are carried at the redemption amount that is payable at the date of the financial statements if the holder exercises the right to put the share back to the Fund.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

2. Significant Accounting Policies (continued)

(h) Fair value measurement

Securities that are listed on a stock exchange and are freely transferable shall be valued at their last sales price on the date of determination on the stock exchange which is the principal exchange for such securities, or, if no sales occurred on such day, at the bid price on such exchange at the close of business on such day if held from and at the asked price at the close of business on such day. If sold, securities traded over the counter which are freely transferable, shall be valued at the last sales price on the date of determination, or, if no sales occurred on such day, at the bid price at the close of business on such day if held long and at the asked price at the close of business on such day if held short. The market value for a future, commodity future, forward or similar contract or any option on any such instrument traded on an exchange shall be the most recent available closing quotation on such exchange.

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on the last sales price, when available. IAS 39, however, suggests that the appropriate market price for an asset held is the current bid price and, for a liability held, the asking price. Management of the Fund considers that the fair value measurement as set forth in the prospectus would not lead to a significant difference with that of IAS 39.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

(i) Fair value hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities at fair value through profit or loss to use a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical financial assets and financial liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the financial asset and the financial liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- Inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or the financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

(j) Revenue recognition

Dividend income and expense from financial assets and financial liabilities at fair value through profit or loss are recognised when the Fund's right to receive payments or the Fund's obligation is established, usually the ex-dividend date. Interest income is accrued on a time basis and recognised based on the effective interest rate, which is the rate that effectively discounts estimated future cash payments or receipts throughout the expected life of the financial instrument.

(k) Taxation

Under current legislation in the British Virgin Islands, there is no income, estate, corporate, capital gain or other taxes payable by the Fund.

The Fund may be subject to foreign withholding taxes on certain interest, dividends and capital gains.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

3. Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

The following table analyses, within the fair value hierarchy, the Fund's investments (by class) measured at fair value at December 31, 2011:

	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Equity securities	2,982,136	-	-	2,982,136
Options	-	4,485	-	4,485
Total financial assets at fair value through profit or loss	\$ 2,982,136	\$ 4,485	\$ -	\$ 2,986,621
FINANCIAL LIABILITIES				
Equity securities	(935,073)	-	-	(935,073)
Total financial liabilities at fair value through profit or loss	\$ (935,073)	\$ -	\$ -	\$ (935,073)

The below table presents a summary of the options and written options at December 31, 2011.

	Put/Call	Expiry	Underlying	Notional	Fair Value
FINANCIAL ASSETS					
	Put	Jan-12	Index	263,500	1,315
	Call	Jan-12	Index	40,000	80
	Put	Feb-12	Index	108,000	3,090
				\$	4,485

No individual investment represents more than 5% of the total portfolio at December 31, 2011.

The following table analyses, within the fair value hierarchy, the Fund's investments (by class) measured at fair value at December 31, 2010

	Level 1	Level 2	Level 3	Total
Equity securities	4,145,794	-	-	4,145,794
Options	-	1,988	-	1,988
Total financial assets at fair value through profit or loss	\$ 4,145,794	\$ 1,988	\$ -	\$ 4,147,782

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

3. Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss (continued)

The below table presents a summary of the options and written options at December 31, 2010.

	Put/Call	Expiry	Underlying	Notional	Fair Value
FINANCIAL ASSETS					
	Put	Jan-11	Index Emerging Mkt	341,100	405
	Put	Jan-11	Index EAFE	507,800	373
	Put	Jan-11	Index S&P Depos.	2,545,000	1,210
				\$	1,988

For the year ended December 31, 2011 and the period ended December 31, 2010, the Fund has no individual investment representing more than 5% of the total portfolio.

4. Share Capital

The authorised share capital is consisting of 9,999,000 Class A shares of no par value (the "redeemable shares") and 1,000 Class B shares (the "management shares") of no par value.

Transactions in Class A shares, for the year ended December 31, 2011, are as follows which are all issued and fully paid, with the exception of the management shares which are issued but not paid.

	Beginning balance	Shares subscribed	Shares redeemed	Transfers	Ending balance
Lead Series	18,501.0000	-	-	-	18,501.0000
2010-06 Series	3,000.0000	-	-	-	3,000.0000
2010-07 Series	1,000.0000	-	-	-	1,000.0000
2010-10 Series	250.0000	-	-	-	250.0000
2011-03 Series	-	5,500.0000	-	-	5,500.0000
2011-04 Series	-	1,000.0000	-	-	1,000.0000
2011-05 Series	-	1,000.0000	-	-	1,000.0000
2011-06 Series	-	2,000.0000	-	-	2,000.0000
2011-08 Series	-	1,500.0000	-	-	1,500.0000
2011-10 Series	-	1,000.0000	-	-	1,000.0000
	22,751.0000	12,000.0000	-	-	34,751.0000

Transactions in Class A shares, for the year ended December 31, 2010, are as follows which are all issued and fully paid, with the exception of the management shares which are issued but not paid.

	Beginning balance	Shares subscribed	Shares redeemed	Transfers	Ending balance
Lead Series	-	19,501.0000	(1,000.0000)	-	18,501.0000
2010-06 Series	-	3,000.0000	-	-	3,000.0000
2010-07 Series	-	1,000.0000	-	-	1,000.0000
2010-10 series	-	250.0000	-	-	250.0000
	-	23,751.0000	(1,000.0000)	-	22,751.0000

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

4. Share Capital (continued)

Each management share confers the right to one vote but no right to redeem, to any dividend or other distribution and to receive any payment in the distribution of the surplus of assets on the Fund's liquidation. Each redeemable Class A share has no right to receive notice of, attend at or vote at any meeting of the shareholders but has the right to redeem such share, to an equal share in any dividend or other distribution and to receive an equal share in the distribution of the surplus assets of the Fund properly attributable to the redeemable shares with reference to each class.

The redeemable shares will be issued in a different series at each date the Fund accepts subscriptions. The initial series in each class will be designated as "Series One" and each subsequently issued series will be numbered sequentially. Any series of shares issued other than Series One issued during any fiscal year will be converted immediately after the close of business on the last day of such fiscal into Series One shares of the applicable class, or, if Series One of such class has a loss carryforward outstanding, into the first profitable series of such class, on the basis of the relative net asset value per share of the particular series of shares of the relevant class being converted and of the applicable series of shares of the class being issued; provided, however, no such conversion will occur while any loss carryforward attributable to the shares being converted remains outstanding. Such conversion will be effected by redeeming the shares to be converted from the holder of such shares and applying the proceeds of such redemption in paying for the relevant class of new Series One shares.

The net asset value per redeemable share is determined by dividing the net assets attributable to a specific class series by the number of redeemable shares outstanding in that specific class series.

The table below shows the respective net asset value per class series of redeemable share.

	2011	2010
Lead Series	85.5638	97.1000
Series 2010-06	89.6896	101.7300
Series 2010-07	90.0933	102.1800
Series 2010-10	92.9607	105.4000
Series 03-2011	80.3710	-
Series 04-2011	83.4498	-
Series 05-2011	81.5517	-
Series 06-2011	83.5907	-
Series 08-2011	89.2677	-
Series 10-2011	93.1493	-

5. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Investment Manager and the Fund are considered related parties by virtue of having common directors. The Administrator and the Fund are considered related parties by virtue of having common directors.

(a) Management Fees

Under the terms of the discretionary asset management agreement, dated January 1, 2010, the Investment Manager is entitled to a monthly management equal to 2% per annum calculated on the ending net asset value. The management fee is payable monthly.

During the year ended December 31, 2011, total management fees amounting to \$59,196 (2010: \$28,229) was recorded of which \$20,146 (2010: \$26,477) is payable at the date of the financial statements.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

5. Related Party Transactions and Balances (continued)

(b) Performance Fee

The Investment Manager is also entitled to a performance fee equal to 20% of the net profits of each series of the Fund above the hurdle rate of the 30 Day Eurodollar London Rate + 2% of the yearly increase in the net asset value of each series of the Fund. The performance shall be prorated to reflect partial year performance for any series launched during a performance period. Upon the crystallization of a performance fee for any series of the Fund at the calendar year end, the applicable net asset value of the series will become a high water mark and any losses in subsequent years will need to be recovered before future performance fee is payable. The performance fee is calculated monthly and payable yearly.

During the year ended December 31, 2011, total performance fees amounting to \$(195) (2010: \$195) were recorded of which \$Nil (2010: \$195) is payable at the date of the financial statements.

(c) Administration Fee

Under the terms of the administration agreement dated January 1, 2010, the Administrator agreed to provide accounting and administration services to the Fund. The Fund will pay an annual fee at the higher rate of a flat fee of \$24,000 or the application of basis points on the combined net asset value of the active share classes whichever fee base is higher, plus any reimbursable expenses. The fees will be charged in the following sliding scale:

15 Basis point:	Net assets of \$0 to \$10,000,000
12 Basis point:	Net assets of \$10,000,001 to \$20,000,000
9 Basis point:	Net assets of 20,000,001 to 50,000,000
7.5 Basis point:	Net assets above \$50,000,001

During the year ended December 31, 2011, total administration fees amounting to \$24,666 (2009: \$13,336) were recorded of which \$6,001 (2009: \$5,002) is payable at the date of the financial statements. The amount is included within "accounts payable and accruals" in the statement of financial position.

(d) Directors Fees

The Fund shall pay the directors such annual remuneration for acting as Directors of the Fund.

During the period ended December 31, 2011, total directors' fees amounting to \$12,500 (2010: \$8,333) of which \$2,083 (2010: \$5,417) is receivable (2010: payable) at the date of the financial statements. The amounts are included within 'payables' in the statement of financial position.

(e) Redeemable Shares

The Fund issued redeemable shares to the principal of the Investment Manager, which represents 2.88% (2010: 4.35%) of the net assets attributable to holders of redeemable shares.

(f) Due from related party

The Fund has a receivable of \$7,376 (2010: \$3,026) from the Investment Manager. The amount is unsecured, interest free and repayable on demand.

6. Financial Instruments - Risk Management

The Fund is exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

In common with all other businesses, the Fund is exposed to risks that arise from its use of financial instruments. This note describes the Fund's objectives, policies and processes for managing those risks and the methods used to measure them.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

6. Financial Instruments - Risk Management (continued)

The principal financial instruments used by the Fund, from which financial instrument risk arises, are as follows: financial assets and financial liabilities at fair value through profit or loss, cash and cash equivalents, due from and due to broker and due from and to related parties.

The Fund is also exposed to operations risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired.

(a) General objectives, policies and processes

The Directors have overall responsibility for the determination of the Fund's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Fund's management.

The Fund's overall risk management program seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. There can be no assurance that the Fund will be able to generate return for its investors or that the returns will commensurate with the risks of investing in the type of companies and transactions described in the Fund's offering memorandum. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss in the full value of their investment either during the life of the Fund or on its termination.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased options, long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on equities sold but not yet purchased is limited to the proceeds of those positions.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(i) Credit Risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund is mainly exposed to credit risk from financial assets at fair value through profit or loss, cash and cash equivalents, due from broker and due from related party.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The maximum exposure to credit risk before any credit enhancements at December 31, 2011 and December 31, 2010 is the carrying amount of the financial assets as set out in the statement of financial position.

The clearing and depository operations for the Fund's security transactions are mainly concentrated with Shoreline Trading Group (clearing through JP Morgan Clearing Corp.). This prime broker is a member of a major securities exchange, and is well known in the industry. At December 31, 2011 and 2010, substantially all balances due from brokers and investments are placed in custody with this broker.

(ii) Market Risk

Market risk arises from the Fund uses of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risk).

Interest rate risk

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Notes to the Financial Statements For the Year Ended December 31, 2011 (Expressed in United States Dollars)

6. Financial Instruments - Risk Management (continued)

The Fund is exposed to cash flow interest rate risk from cash and cash equivalents and due from brokers that expose the Fund to fair value interest rate risk.

The Fund does not actively manage the interest rate risk.

At December 31, 2011, had market interest rate increased by 50 (2010: 50) basis points, with all other variables held constant, the Fund's profit or loss and net assets would have increased by \$4,681 (2010: decreased by \$9,728). A decrease in the market interest rate of 50 (2010: 50) basis points, with all other variables held constant, would have an equal but opposite effect on the profit or loss and net assets of the Fund. A 50 basis point shift in the market interest rate represents management's assumption for the reasonably possible change in interest rates. The Fund's assumptions have not changed from prior year.

Foreign currency risk

At December 31, 2011 and 2010, the Fund has no financial assets and financial liabilities denominated in currencies other than the US dollar. As a result, the Fund is not exposed to significant foreign currency risk.

Other price risk

The Fund is exposed to other price risk on its financial assets and financial liabilities at fair value through profit or loss. This arises from investments held by the Fund for which fair values in the future are uncertain.

At December 31, 2011, had the relevant value increased by 5%, with all other variables held constant, the Fund's profit or loss and net assets would have increased by \$102,577 (2010: \$207,389). A decrease in the relevant value of 5%, with all other variables held constant, would have an equal but opposite effect on the profit or loss and net assets of the Fund. A 5% shift in the relevant value represents management's assumption for the reasonably possible change in fair value. The Fund's assumptions have not changed from prior year.

(iii) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to liquidity risk from its financial liabilities. The amounts due to related party and the accounts payable are payable within one year and the holders of redeemable shares may request for monthly redemption.

The Fund's listed securities are considered readily realisable. The listed securities are represented by the equity securities categorised as level 1 in the fair value hierarchy.

The Fund mitigates its risk on redeemable shares by requesting from the holders of these redeemable shares to provide redemption written notices of at least 6 days which gives time to the Fund to gather the necessary amounts by selling investments.

The cash and cash equivalents and due from broker are considered being on demand. However, the balance due from brokers is restricted to the extent that the Fund has the obligation to cover the short position. The non-derivative financial assets are considered readily available as the majority is publicly traded.

The Fund may suspend the redemption of shares if circumstances, events or conditions exist which are beyond the control of the Fund. Additionally, if the net asset value cannot reasonably be determined in the normal and usual fashion customary to funds of this type because the appropriate exchange or inter-dealer market wherein a significant portion of the Fund's assets is regularly traded or quoted is closed or suspended, other than for regularly scheduled holidays, then a shareholder's right to redemption will be suspended until such markets are functioning normally.

ITHACA UNIVERSAL FUND LTD.

Notes to the Financial Statements For the Year Ended December 31, 2011 *(Expressed in United States Dollars)*

6. Financial Instruments - Risk Management (continued)

(b) Capital Risk Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net asset attributable to holders of redeemable shares can change significantly on a monthly basis as the Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

7. Subsequent capital transactions

Subsequent to December 31, 2011 to June 19, 2012, the Fund accepted subscription of \$200,000 (2010: \$750,000).

The Fund evaluated all events that occurred from January 1, 2012 through June 19, 2012. During the period, the Fund did not have any material recognizable subsequent events other than the subsequent capital transactions disclosed above.