

Aurum Isis Euro Fund Ltd.

Annual Report and Audited Financial Statements

For the year ended 31 December 2013

# **Aurum Isis Euro Fund Ltd.**

## **Annual Report and Audited Financial Statements Contents**

	Page
Directors and service providers	1
Directors' Report	3
Independent Auditor's Report to the Members	4
Portfolio Statement as at 31 December 2013	5
Statement of Comprehensive Income for the year ended 31 December 2013	6
Statement of Financial Position as at 31 December 2013	7
Statement of Changes in Net Assets Attributable to Holders of Participating Shares for the year ended 31 December 2013	8
Statement of Cash Flows for the year ended 31 December 2013	9
Notes to the Financial Statements	10

# Aurum Isis Euro Fund Ltd.

## Directors and service providers

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**Directors** Dudley R Cottingham  
S.Arthur Morris (Retired October 9, 2013)  
Tina Gibbons  
Kevin Gundle  
Adam Hopkin  
Christopher C Morris  
Anabel Mackie\*  
Bronwyn Wright\* (Appointed October 9, 2013)  
Meliosa O’Caoimh\*  
W. Roger Davidson\* (Retired October 9, 2013)

\*Non-Executive Directors

**Custodian** Northern Trust Fiduciary Services (Ireland) Limited  
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Investment Advisor** Aurum Fund Management Ltd.  
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**Administrator** Northern Trust International Fund Administration Services (Ireland) Limited  
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54 - 62 Townsend Street  
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# Aurum Isis Euro Fund Ltd.

## Directors and service providers (continued)

**Bermuda  
Administrator,  
Registrar and  
Secretary**

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Auditor**

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Exchange**

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# Aurum Isis Euro Fund Ltd.

## Directors' Report

The Directors have the pleasure to present the audited annual accounts of Aurum Isis Euro Fund Ltd. (the "Company") for the year ended 31 December 2013 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 2013, the Net Asset Value per Participating Share was €136.08 (2012: €128.19).

No dividends have been declared in the year ended 31 December 2013 (2012: €Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2013 (2012: €Nil).

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

The annual report and audited financial statements of the Master Fund for the year ended 31 December 2013 are sent to all Shareholders with the accounts of the Company.



**Dudley R Cottingham**  
Director

24 April 2014



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

## **Independent Auditor's Report to the Members**

We have audited the accompanying financial statements of Aurum Isis Euro Fund Ltd. (the "Company") for the year ended 31 December 2013, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Assets Attributable to Holders of Participating Shares, the Statement of Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as they determine 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 conducted our audit in accordance with International Standards on Auditing. Those 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 from 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 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 the Company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**KPMG**  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland  
24 April 2014

# Aurum Isis Euro Fund Ltd.

## Portfolio Statement as at 31 December 2013

	31 December 2013			31 December 2012		
	Nominal Holding	Fair Value €	% of NAV	Nominal Holding	Fair Value €	% of NAV
Aurum Isis Fund Ltd.	544,435	105,867,407	98.70	606,211	115,588,231	98.66
Other Assets		5,557,691	5.18		1,795,685	1.53
Total Assets		<b>111,425,098</b>	<b>103.88</b>		<b>117,383,916</b>	<b>100.19</b>
Other Liabilities		(4,163,154)	(3.88)		(230,875)	(0.19)
Net Assets		<b>107,261,944</b>	<b>100.00</b>		<b>117,153,041</b>	<b>100.00</b>

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

## Aurum Isis Euro Fund Ltd.

### Statement of Comprehensive Income the year ended 31 December 2013

2012		Notes	2013
€			€
	<b>Gains from financial assets at fair value through profit or loss</b>	2	
-	Net interest income		159
4,164,296	Net unrealised gain/(loss) on investments and currencies		(33,615)
(1,439,525)	Net realised (loss)/gain on investments and currencies		6,511,290
<b>2,724,771</b>	<b>Total gains from financial assets at fair value through profit or loss</b>		<b>6,477,834</b>
	<b>Expenses</b>	2	
13,392	Net interest expense		6,584
<b>13,392</b>	<b>Operating expenses</b>		<b>6,584</b>
	<b>Change in net assets attributable to holders of Participating Shares</b>		
<b>2,711,379</b>	<b>resulting from operations</b>		<b>6,471,250</b>

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

# Aurum Isis Euro Fund Ltd.

## Statement of Financial Position as at 31 December 2013

2012		Notes	2013
€			€
<b>Assets</b>			
<b>Financial assets at fair value through profit or loss</b>			
115,588,231	Investments at fair value	2	105,867,407
1,082,756	Unrealised appreciation in forward foreign exchange contracts	9	715,469
<b>Cash and cash equivalents</b>			
712,929	Cash and cash equivalents	2	4,842,222
<b>117,383,916</b>	<b>Total Assets</b>		<b>111,425,098</b>
<b>Liabilities</b>			
<b>Financial liabilities at fair value through profit or loss</b>			
5,262	Unrealised depreciation in forward foreign exchange contracts	9	-
<b>Financial liabilities measured at amortised cost</b>			
-	Bank overdraft	2,5	1,472,952
225,613	Subscriptions to shares not yet allotted		2,690,202
<b>230,875</b>	<b>Total Liabilities (excluding amounts attributable to holders of Participating Shares)</b>		<b>4,163,154</b>
<b>117,153,041</b>	<b>Net Assets attributable to holders of Participating and Sponsor Shares</b>	4	<b>107,261,944</b>
<b>117,153,039</b>	<b>Net Assets attributable to holders of Participating Shares</b>	6	<b>107,261,942</b>
<b>2</b>	<b>Net Assets attributable to holders of Sponsor Shares</b>	4	<b>2</b>
<b>913,870.42</b>	<b>Participating Shares outstanding (number of shares)</b>	4	<b>788,225.44</b>
<b>128.19</b>	<b>Net Asset Value per Participating Share</b>	6	<b>136.08</b>

These financial statements were approved by the Directors on 24 April 2014 and signed on their behalf by:



D.R. Cottingham

Director



C.C. Morris

Director

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

## Aurum Isis Euro Fund Ltd.

### Statement of Changes in Net Assets Attributable to Holders of Participating Shares for the year ended 31 December 2013

	Total €
<b>Balance at 1 January 2013</b>	<b>117,153,039</b>
Change in net assets attributable to holders of Participating Shares resulting from operations	6,471,250
Subscriptions during the year	10,536,273
Redemptions during the year	(26,898,620)
<b>Balance at 31 December 2013</b>	<b>107,261,942</b>
<b>Balance at 1 January 2012</b>	<b>123,991,363</b>
Change in net assets attributable to holders of Participating Shares resulting from operations	2,711,379
Subscriptions during the year	12,769,636
Redemptions during the year	(22,319,339)
<b>Balance at 31 December 2012</b>	<b>117,153,039</b>

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

# Aurum Isis Euro Fund Ltd.

## Statement of Cash Flows for the year ended 31 December 2013

	2012		2013
	€		€
		<b>Cash flows from operating activities</b>	
		Change in net assets attributable to holders of Participating	
2,711,379		Shares resulting from operations	6,471,250
(10,827,284)		Purchase of investments	(5,094,061)
25,588,339		Proceeds from sales of investments and currencies	21,292,560
		<b>Adjustment for non cash items and working capital</b>	
(4,164,296)		Net unrealised (gain)/loss on investments and currencies	33,615
1,439,525		Net realised loss/(gain) on investments and currencies	(6,511,290)
		<b>Changes in operating assets and liabilities</b>	
(1,073,820)		(Increase)/decrease in debtors	367,287
(4,533,166)		Decrease in creditors	(5,262)
<b>9,140,677</b>		<b>Net cash inflow from operating activities</b>	<b>16,554,099</b>
		<b>Cash flows from financing activities</b>	
9,508,769		Issue of shares	13,000,862
(22,319,339)		Redemption of shares	(26,898,620)
<b>(12,810,570)</b>		<b>Net cash outflow from financing activities</b>	<b>(13,897,758)</b>
(3,669,893)		Net (decrease)/increase in cash and cash equivalents	2,656,341
<b>4,382,822</b>		<b>Cash and cash equivalents at the beginning of the year</b>	<b>712,929</b>
<b>712,929</b>		<b>Cash and cash equivalents at the end of the year</b>	<b>3,369,270</b>
		<b>Supplementary Information</b>	
(13,392)		Net interest paid	(6,425)

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

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013

### 1 General

Aurum Isis Euro Fund Ltd. (the “Euro Fund” or the “Company”) was incorporated in Bermuda on 30 October 2004 under the Companies Act 1981 as amended and acts as an investment company. Shares of the Euro Fund are denominated in euro. The Euro Fund is one of nine Feeder Funds (the “Feeder Funds”) comprising the Euro Fund, Aurum Isis Institutional Euro Fund Ltd. (the “Institutional Euro Fund”), Aurum Isis Swiss Franc Fund Ltd. (the “Swiss Franc Fund”), Aurum Isis Dollar Fund Ltd. (the “Dollar Fund”), Aurum Isis Institutional Dollar Fund Ltd. (the “Institutional Dollar Fund”), Aurum Isis Sterling Fund Ltd. (the “Sterling Fund”), Aurum Isis Institutional Sterling Fund Ltd. (the “Institutional Sterling Fund”), Aurum Isis Australian Dollar Fund Ltd. (the “Australian Dollar Fund”) and Aurum Isis Japanese Yen Fund Ltd. (the “Japanese Yen Fund”) that invest in Aurum Isis Fund Ltd. (the “Master Fund”). The other Feeder Funds have Swiss franc, US dollar, sterling, euro, Australian dollar and Japanese yen denominated shares respectively. The Euro Fund is listed on the Irish and Bermuda Stock Exchanges.

The Feeder Funds must solely invest into Participating Shares of the Master Fund, except in the case of the Swiss Franc, Sterling, Institutional Sterling, Euro, Institutional Euro, Australian Dollar and Japanese Yen Funds in respect of currency hedging. The Participating Shares of the Master Fund are valued in US dollars. The Swiss Franc, Sterling, Institutional Sterling, Euro, Institutional Euro, Australian Dollar and Japanese Yen 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 Swiss franc, sterling, euro, Australian dollar and Japanese yen terms irrespective of movements in currency values between the US dollar and their respective currencies. The Master Fund pays the fees of the 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 2013 are attached and should be read in conjunction with these financial statements.

The audited financial statements were approved by the Board of Directors on 24 April 2014.

### 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 as set out in International Financial Reporting Standards (“IFRS”) 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 euro, reflecting the fact that the redeemable Participating Shares are issued in euro and the Company’s operations are primarily conducted in euro. 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 net assets attributable to holders of Participating Shares are stated at the present value of the redemption amount.

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year, other than for the effect of the new standards adopted.

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 2 Principal Accounting Policies (continued)

#### Changes in accounting policy and disclosures

The Company has adopted the following new standards and amendments to standards with a date of initial adoption of 1 January 2013:

- Amendments to IFRS 7 Financial Instruments Disclosures effective for annual reporting periods beginning on or after 1 January 2013: The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety.
- Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities, effective for annual reporting periods on or after 1 January 2013.
- IFRS 10 Consolidated Financial Statements effective for annual reporting periods beginning on or after 1 January 2013. The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation–Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.
- IFRS 12 Disclosure of Interests in Other Equities, effective for annual reporting periods beginning on or after 1 January 2013: IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13 Fair Value Measurement, effective for annual reporting periods beginning on or after 1 January 2013: This standard establishes a single source of guidance for fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date (also referred to as “the exit price”). The standard also provides guidance for fair value determination and introduces consistent requirements for disclosure and measurement.

There are a number of new or revised standards and interpretations that have not been adopted in these financial statements:

- IAS 32 Financial Instruments Presentation, effective 1 January 2014: The amendments provide clarification and disclosure requirements in relation to offsetting rights.
- 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 reporting periods beginning on or after 1 January 2018.
- The Investment Entities amendment to IFRS 10, IFRS 12 and IAS 27, effective for annual reporting periods beginning on or after 1 January 2014 with early adoption permitted. The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The Directors anticipate that the adoption of standards or interpretations currently in issue but not yet effective will have no material impact on the financial statements of the Company in the period of initial application. The Company has not adopted any new standards or interpretations that are not mandatory.

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 2 Principal Accounting Policies (continued)

#### Investments

The Company, on initial recognition, designates investments 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.

The investment in the Master Fund is recorded at the net asset value per share as reported by the administrator of the Master Fund.

Where administrators are unable to provide net asset value per share, the Directors make their own assessment of value based on available information. In determining fair value, the Directors take into consideration where applicable, the impact of suspensions of redemptions, liquidation proceedings, investments in side pockets and any other significant factors.

At the year end, there were no instances wherein the administrator was unable to provide the net asset value per share or that the Directors considered it necessary to make any adjustments to the net asset value of the underlying funds in order to arrive at the fair value.

Investment transactions are recorded on the trade date at which point the Company becomes a party to the specific investment.

Financial assets and financial liabilities are measured initially at the transaction price on the trade date. Transaction costs are expensed immediately. After initial measurement, the Company measures financial instruments which are classified at fair value through profit and loss at their fair value. Changes in fair value are recorded within net gain/(loss) on investments.

Purchases and sales of financial assets and financial liabilities are recognised using trade date accounting. 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.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Under IFRS, Participating Shares are classified as financial liabilities and the format of the Statement of Financial Position reflects this position.

#### Forward Foreign Exchange Contracts

The Company seeks to protect the value of the Participating Shares in euro terms by entering into Forward Foreign Exchange Contracts. These contracts are recorded at fair value through profit or loss utilising the prevailing forward price at the Statement of Financial Position date. Any unrealised gain or loss is recognised in the Statement of Comprehensive Income. Derivatives are recognised as held for trading, as the Company does not designate any derivatives as hedges for hedge accounting purposes as described under IAS 39.

#### Translation of Foreign Currencies

The results and financial position of the Company are expressed in euro which is the functional currency of the Company. Transactions in currencies other than euro are recorded at the rate prevailing on the date of the transaction. At each reporting date, monetary items and non-monetary assets and liabilities that are measured at fair value and are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the net profit or loss for the year where investments are classified at fair value through profit or loss.

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 2 Principal Accounting Policies (continued)

#### 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 Bermuda income, profit, capital transfer or capital taxes, should such taxes be enacted, until 31 March 2035.

#### Expenses

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

#### Subsidiary

The Master Fund is not deemed to be a subsidiary of the Company as the Promoter beneficially holds all general voting shares which give the holder the current ability to direct the activities that significantly affect the returns of both the Master Fund and the Company. In accordance with IFRS 10 Consolidated Financial Statements, as the Company does not control the Master Fund, the Master Fund has not been considered a subsidiary.

The Company and Master Fund operate as an integrated structure whereby the Company invests solely into the Master Fund except in respect of currency hedging. Total subscriptions made by the Company into the Master Fund during the year ended 31 December 2013 were €5,094,061 (2012: €10,827,284). As at 31 December 2013 and 31 December 2012 there were no capital commitment obligations and no amounts due to the Master Fund for unsettled purchases. The Company invests into the Master Fund by purchasing the Master Fund's redeemable Participating Shares. The Master Fund allows redemptions of these shares on a monthly basis with a 90 day notification period. Movements in the fair value of the Master Fund's portfolio and corresponding movements in the fair value of the Company may expose the Company to a profit or loss.

#### Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; restricted activities, a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, insufficient equity to permit the structured entity to finance its activities without subordinated financial support and financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company has determined that its investment in the Master Fund represents investments in an unconsolidated structured entity. The Master Fund financed its operations by issuing redeemable shares which were puttable at the holder's option and entitles the holder to a proportional stake in the Master Fund's net assets. The change in fair value of the Company's holding in the Master Fund is included in the statement of comprehensive income in "Gains from financial assets and financial liabilities at fair value through profit or loss".

The Directors believe that the requirements of IFRS 12, in relation to structured entities, are observed by appending the Master Fund financial statements to the Company's financial statements.

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 2 Principal Accounting Policies (continued)

#### 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 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The areas of estimates which have the most significant effect on the amounts recognised in the financial statements are disclosed in Notes 8 and 10.

#### 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, expire or are surrendered. 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

	<b>December 2013</b>	December 2012
	€	€
<hr/>		
Authorised share capital of €0.002 par value per share		
1,000 Sponsor Shares	<b>2</b>	2
4,699,000 Participating Shares	<b>9,398</b>	9,398
	<b>9,400</b>	9,400

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 any 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.

	<b>Number of Participating Shares</b>		<b>Number of Participating Shares</b>
Opening at 1 January 2013	<b>913,870.42</b>	Opening at 1 January 2012	989,342.08
Issued during the year	<b>79,146.64</b>	Issued during the year	101,424.66
Redeemed during the year	<b>(204,791.62)</b>	Redeemed during the year	(176,896.32)
Closing at 31 December 2013	<b>788,225.44</b>	Closing at 31 December 2012	913,870.42

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 4 Share Capital (continued)

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

	Sponsor Shares €	Participating Shares €	Share Premium and Return Allocated to Participating Shareholders €	Total €
<b>Balance at 1 January 2013</b>	<b>2</b>	<b>1,828</b>	<b>117,151,211</b>	<b>117,153,041</b>
Change in net assets attributable to holders of Participating Shares			6,471,250	6,471,250
Subscriptions during the year		158	10,536,115	10,536,273
Redemptions during the year		(410)	(26,898,210)	(26,898,620)
<b>Balance at 31 December 2013</b>	<b>2</b>	<b>1,576</b>	<b>107,260,366</b>	<b>107,261,944</b>
<b>Balance at 1 January 2012</b>	<b>2</b>	<b>1,979</b>	<b>123,989,384</b>	<b>123,991,365</b>
Change in net assets attributable to holders of Participating Shares			2,711,379	2,711,379
Subscriptions during the year		203	12,769,433	12,769,636
Redemptions during the year		(354)	(22,318,985)	(22,319,339)
<b>Balance at 31 December 2012</b>	<b>2</b>	<b>1,828</b>	<b>117,151,211</b>	<b>117,153,041</b>

Participating Shares in the Company may be redeemed at the Net Asset Value per Participating Share on the dealing day immediately following the valuation day, being the last business day of each month, on at least 90 days notice to the Administrator. The Company endeavours to pay the redemption proceeds within 30 days of the redemption date.

### 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 2013	December 2012
Total Net Assets (€) Less Par Value of Sponsor Shares	<b>107,261,942</b>	117,153,039
Issued Participating Shares	<b>788,225.44</b>	913,870.42
<b>Net Asset Value per Participating Share (€)</b>	<b>136.08</b>	128.19

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 7 Related Parties

The Company's 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.

Mrs T Gibbons is a Director of the Investment Advisor. Mr D R Cottingham and Mr C C Morris are Directors of Global Fund Services Ltd., the Bermuda Administrator and along with Mr A Hopkin are Directors of both the Investment Advisor and Continental Sponsors Ltd., the sponsoring broker on the Bermuda Stock Exchange. Mr K Gundle is a Vice President of Information with the Investment Advisor. Messrs D R Cottingham, C C Morris and K Gundle directly and indirectly hold shares in the Investment Advisor. Mr S A Morris was a director of the Investment Advisor, until he retired on October 9, 2013. Mr S A Morris continues to be a director of Global Fund Services Ltd. and Continental Sponsors Ltd. and holds shares indirectly in the Investment Advisor.

Ms. M. O'Caomh is employed by a division of the Irish Administrator as Senior Vice President.

The Investment Advisor is also the sponsor and advisor to a number of other investment companies and the Directors of the Company, the Master Fund and the Investment Advisor 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 of the Sponsor Shares of the Company. At 31 December 2013, Directors and Persons so connected did not directly or indirectly hold Participating Shares in the Company (2012: Nil).

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

### 8 Financial Instruments and Risk Exposure

The Company invests all of its assets, other than currency hedging, 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.

The Company is exposed to currency risk in pursuit of its investment objective, set out on page 10. The currency risk is managed on a monthly basis using Forward Foreign Exchange Contracts. At the Statement of Financial Position date, there was a net exposure to currency risk:

31 December 2013	Monetary Assets €	Monetary Liabilities €	Forward Foreign Exchange Contracts €	Net Exposure €
US dollar	108,019,427	-	(107,190,770)	828,657
<hr/>				
31 December 2012	Monetary Assets €	Monetary Liabilities €	Forward Foreign Exchange Contracts €	Net Exposure €
US dollar	115,801,339	-	(115,336,988)	464,351

## Aurum Isis Euro Fund Ltd.

### Notes to the Financial Statements for the year ended 31 December 2013 (continued)

#### 9 Net Forward Foreign Exchange Contracts

As at 31 December 2013, the Company had entered into and not closed Forward Foreign Exchange Contracts to hedge the value of the Company's portfolio. The contracts were with the Custodian.

##### Open Forward Foreign Currency Transactions at 31 December 2013

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain €
US\$47,000,705	€	1.3662	31 January 2014	279,488
US\$1,021,011	€	1.3607	31 January 2014	9,120
US\$48,021,716	€	1.3607	28 February 2014	426,861
US\$1,192,842	€	1.3774	28 February 2014	-
US\$49,214,558	€	1.3774	31 March 2014	-
US\$1,192,842	€	1.3774	31 January 2014	-
				<b>715,469</b>

##### Open Forward Foreign Currency Transactions at 31 December 2012

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain/(Loss) €
US\$50,355,061	€	1.3013	31 January 2013	554,704
US\$49,862,481	€	1.3022	28 February 2013	528,052
US\$50,767,111	€	1.3209	28 March 2013	-
US\$904,630	€	1.3204	28 February 2013	-
US\$904,630	€	1.3202	31 January 2013	-
€78,378	US\$	0.7682	31 January 2013	(5,262)
				<b>1,077,494</b>

#### 10 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 2013.

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

31 December 2013	Total €	Level 1 €	Level 2 €	Level 3 €
Aurum Isis Fund Ltd.	105,867,407	-	105,867,407	-
Unrealised appreciation on Forward Foreign Exchange Contracts	715,469	-	715,469	-
Total	106,582,876	-	106,582,876	-

# Aurum Isis Euro Fund Ltd.

## Notes to the Financial Statements for the year ended 31 December 2013 (continued)

### 10 Fair Value Measurement (continued)

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

31 December 2012	Total €	Level 1 €	Level 2 €	Level 3 €
Aurum Isis Fund Ltd.	115,588,231	-	115,588,231	-
Unrealised appreciation on Forward Foreign Exchange Contracts	1,077,494	-	1,077,494	-
Total	<u>116,665,725</u>	<u>-</u>	<u>116,665,725</u>	<u>-</u>

There have been no transfers between levels 1 and 2 assets held in either year.

### 11 Subsequent Events

As advised to shareholders on December 17, 2013 the Company intended to amend the bye-laws of the Company to facilitate the issue of new classes of shares; to enable the Company to deliver reports, financial statements and other communications to shareholders electronically and to amend the Investment Advisory Agreement in order to enable certain expenses to be paid by the Company rather than the Master Fund. Shareholders were notified of the changes required to facilitate these matters and to correct and update certain other non material terms. On 26 March 2014, the members of the Sponsor Shares adopted the amended bye-laws and the Directors approved the amended Investment Advisory Agreement with effect from March 31, 2014 and April 1, 2014 respectively.

Also on March 26, 2014 the Directors approved the renaming of existing Participating Shares to "Standard Euro Restricted Shares" and to authorise the issuance of "Standard Euro Unrestricted Shares", "Professional Euro Restricted Shares" and "Professional Euro Unrestricted Shares" with effect from April 1, 2014.

A new prospectus and supplements was approved by the directors on March 26, 2014 and issued effective April 1, 2014.

No other 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.