

**Performa International Convertible  
Bond Fund Ltd.**

**Financial Statements and  
Independent Auditors' Report**

**December 27, 2007**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders  
of Performa International Convertible Bond Fund Ltd.

We have audited the accompanying statement of net assets of Performa International Convertible Bond Fund Ltd. (the "Fund"), including the schedule of investments, as at December 27, 2007, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 27, 2007 and the results of its operations and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

  
March 31, 2007

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF NET ASSETS**  
as at December 27, 2007  
*(Expressed in U.S. dollars)*

	2007	2006
<b>ASSETS</b>		
Investments at fair value (cost: \$127,356,286 and \$109,358,455)	\$ 125,901,885	\$ 111,892,197
Cash and cash equivalents	23,324,966	21,736,036
Due from broker	1,685,102	-
Accrued interest receivable	532,339	480,186
Prepaid expenses	11,075	4,035
Related party receivable (Note 7)	-	1,500,000
	151,455,367	135,612,454
<b>LIABILITIES</b>		
Management fees payable	200,294	161,180
Accounts payable and accrued expenses	42,488	59,496
	242,782	220,676
<b>NET ASSETS</b>	<b>\$ 151,212,585</b>	<b>\$ 135,391,778</b>
Accumulation Shares issued and outstanding (Note 3)	81,988	76,250
Net Asset Value per Accumulation Share	\$ 1,844.32	\$ 1,775.63

Approved on behalf of the Board:

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Hugh Barit  
Director

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Shawn Murphy  
Director

*The accompanying notes form an integral part of these statements*

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**SCHEDULE OF INVESTMENTS**  
as at December 27, 2007  
*(Expressed in U.S. dollars)*

**Investments**

Nominal	Fixed Income Securities	Fair Value
2,256,000	Amgen Inc 0.13% 2/1/11	\$ 2,064,240
4,467,000	Amgen Inc 0.38% 2/1/13	3,953,295
5,150,000	Anglogold Holdings 2.38% 2/27/9	5,155,150
5,417,000	Bristol-Myers Squibb 1.99% 9/15/23	5,357,413
6,100,000	Deutsche Bank AG London 1% 9/20/12	6,090,850
3,502,000	Developers Diversified Realty Corp 3% 3/15/12*	3,024,853
2,839,000	ERP Operating LP 3.85% 8/15/26	2,726,860
1,540,000	Fortis Banque Luxembourg 0.5% 2/9/11	1,496,110
4,758,000	Gannett Company Inc. 5.09% 7/15/37	4,718,984
2,962,000	General Mills Inc 5.75% 4/11/37*	2,960,223
6,228,000	Goldman Sachs International 1% 10/3/12	6,264,122
4,054,000	International Game Technology 2.6% 12/15/36*	4,114,810
6,228,000	KBC Financial Products International Ltd. 1% 10/15/12	6,228,000
3,094,000	Lehman Brothers Holdings Inc. 0.45% 12/27/13	3,063,988
3,105,000	Lehman Brothers Holdings Inc. 1.25% 6/13/12	3,105,000
6,200,000	Macquarie Bank Ltd. 1% 10/5/12	6,506,900
3,786,000	Medtronic Inc. 1.63% 4/15/13	4,041,555
5,802,000	Nabors Industries Inc. 0.94% 5/15/11	5,475,638
3,520,000	Prologis 1.88% 11/15/37	3,238,400
5,995,000	Prudential Financial Inc. 3.52% 12/15/37*	5,843,069
5,358,000	STMicroelectronics NV 0% 2/23/16	5,301,119
6,440,000	Svenska Exportkredit AB 1% 2/1/10	6,192,060
3,920,000	Swiss Re American Holding Corp 3.25% 11/21/21	3,814,160
581,000	Transocean Inc. 1.5% 12/15/37	638,879
6,190,000	UBS AG / Jersey 2.23% 9/20/12	5,933,115
3,779,000	United Dominion Realty 4% 12/15/35	3,660,906
2,976,000	US Bancorp 3.61% 2/6/37	2,956,954
3,513,000	Vornado Realty Trust 3.63% 11/15/26	3,218,786
2,752,000	Washington Reit 3.88% 9/15/26	2,531,840
6,254,000	Wells Fargo Co. 4.66% 5/1/33	6,224,606
		\$ 125,901,885
		\$ 125,901,885

\*Restricted security under Rule 144A of the Securities Act of 1933.

*The accompanying notes form an integral part of these statements*

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**SCHEDULE OF INVESTMENTS**  
as at December 28, 2006  
*(Expressed in U.S. dollars)*

**Investments**

Nominal	Fixed Income Securities	Fair Value
5,463,000	3M Company 0% 11/21/32	\$ 4,984,988
1,994,000	America International Group Inc. 0.5% 5/15/07	1,954,120
5,028,000	Amgen Inc 0% 3/1/32	3,764,715
2,820,000	Anglogold Holding Ltd. 2.38% 2/27/29	2,853,276
6,000,000	Barclays Bank PLC 2.36% 12/19/11	5,955,000
4,100,000	Bear Stearns Co. Inc. 1% 2/23/11	3,751,500
3,682,000	Bristol Myer 1.99% 9/15/23	3,682,000
3,850,000	BNP Paribas 1% 11/24/10	4,038,650
2,328,000	Cameron International Corp 2.5% 6/15/26*	2,496,780
4,656,000	Duetsche Bank AG London 0% 4/3/09	4,227,648
2,470,000	Delevelopers Diversified 3.5% 8/15/11	2,624,671
500,000	EMC Corp / Massachusetts 1.75% 12/1/11*	521,250
2,839,000	ERP Operating LP 3.85% 8/15/26	2,914,234
2,649,000	Health Management Association 1.5% 8/1/23	2,692,046
3,112,000	Intel Corporation 2.95% 12/15/35	2,796,910
2,631,000	Lehman Brothers Holdings 1% 3/23/09	2,742,817
5,867,000	Masco Corporation 0% 7/20/31	2,750,156
1,827,000	Medtronic Inc 1.5% 4/15/11	1,922,918
2,286,000	Medtronic Inc. 1.63% 04/15/13	2,417,445
2,981,000	Nabors Industries Inc. 0.94% 5/15/11*	2,850,581
3,388,000	New Plan Excel Realty Trust 3.7% 9/15/26	3,379,530
2,420,000	Prime Venture 1% 12/12/08	2,814,337
3,877,000	Prudential Financial Inc. 2.95% 12/12/36*	3,832,798
3,702,000	SLM Corporation Variable Interest 7/25/35	3,694,226
2,743,000	STMicroelectronics NV 0% 2/23/16	2,808,637
5,235,000	Swedish Export Credit 0.13% 4/30/09	5,017,747
3,920,000	Swiss Re America 3.25% 11/21/21	3,872,960
2,732,000	Teva Pharmaceutical Co. BV 1.75% 2/1/26	2,513,440
3,850,000	UBS AG Jersey Branch 1% 11/18/10	4,092,550
2,830,000	UBS AG Jersey Branch 2.5% 10/27/11	2,897,920
4,685,000	UBS AG Jersey Branch 2.5% 3/16/09	4,856,003
2,525,000	US Bancorp 2.12% 8/12/35	2,550,250
2,913,000	Vornado Realty Trust 3.63% 11/15/26	2,902,076
4,701,000	Wells Fargo Co 5.11% 5/1/33	4,718,018
		\$ 111,892,197
		\$ 111,892,197

\*Restricted security under Rule 144A of the Securities Act of 1933.

*The accompanying notes form an integral part of these statements*

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF OPERATIONS**  
for the year ended December 27, 2007  
*(Expressed in U.S. dollars)*

	2007	2006
<b>INCOME</b>		
Bond interest	\$ 2,684,104	\$ 1,717,852
Deposit interest	1,241,934	365,789
	<u>3,926,038</u>	<u>2,083,641</u>
<b>EXPENSES</b>		
Management fees (Note 4)	762,342	537,017
Custodian fees (Note 4)	108,605	70,649
Administration and office fees (Note 4)	100,641	74,286
Professional fees	22,836	23,708
Government fees	3,780	3,944
Miscellaneous fees	1,649	1,182
	<u>999,853</u>	<u>710,786</u>
<b>NET INVESTMENT INCOME</b>	<u>2,926,185</u>	<u>1,372,855</u>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net realized gain on investments (Note 6)	6,854,463	4,196,547
Change in unrealized (depreciation) appreciation of investments	(3,988,143)	1,897,170
	<u>2,866,320</u>	<u>6,093,717</u>
<b>INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$ 5,792,505</u>	<u>\$ 7,466,572</u>

*The accompanying notes form an integral part of these statements*

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended December 27, 2007  
*(Expressed in U.S. dollars)*

	2007	2006
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 5,792,505	\$ 7,466,572
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on issuance of 21,161 and 37,859 Accumulation Shares	38,116,935	65,090,996
Payments on redemption of 15,423 and 4,940 Accumulation Shares	(28,088,633)	(8,437,128)
INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	10,028,302	56,653,868
INCREASE IN NET ASSETS	15,820,807	64,120,440
NET ASSETS, BEGINNING OF YEAR	135,391,778	71,271,338
NET ASSETS, END OF YEAR	\$ 151,212,585	\$ 135,391,778

*The accompanying notes form an integral part of these statements*

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 27, 2007  
(Expressed in U.S. dollars)

1. THE FUND

Performa International Convertible Bond Fund Ltd. (the "Fund"), was incorporated under the laws of Bermuda on March 21, 1997, as an open-ended limited liability investment company. The year end of the Fund is the last Thursday in December.

The Fund is organized into distinct classes of shares. The Accumulation Share class was the only class of Common Share outstanding during the year ended December 27, 2007 and December 28, 2006. The Fund seeks superior returns while providing liquidity in short-term, low risk, fixed income securities.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting:

The financial statements have been prepared in conformity with accounting principles generally accepted in Bermuda and Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b. Investments:

Trading activity is recorded on a trade date basis. Securities that are listed on a national securities exchange are valued at their last sales prices on the date of valuation on the largest national securities exchange on which such securities have traded on such date. If no sales of such securities occurred on the date of valuation, the securities are valued at the "bid" price on the largest national securities exchange on which such securities are traded. The resulting unrealized appreciation and depreciation of securities is reflected in the statement of operations. Realized gains and losses on sales of securities are calculated using the first-in, first-out basis of accounting.

c. Cash and cash equivalents:

Cash and cash equivalents consist of cash held at bank, deposits with original maturities of less than 90 days and money market funds. As at December 27, 2007 and December 28, 2006, the Fund had an investment of \$23,324,966 and \$21,736,036 respectively, in a money market fund, which is included in cash and short-term deposits. The money market fund is managed by a fund advisor related to the Fund by a common directorship.

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 27, 2007  
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Investment income:

Interest is recorded on the accrual basis of accounting.

3. SHARE CAPITAL

The Fund's total authorized share capital is 12,000 Founder Shares with a par value of \$1.00 each and 10,000,000 Common Shares with a par value of \$0.01 each.

The Founder Shares are voting, non-redeemable and are not entitled to any dividends. The Founder Shares have been issued and are unpaid. The Fund has issued all of the Founder Shares to the Investment Advisor. The Common Shares are non-voting, and are redeemable. Any number of classes of Common Shares can be issued as determined by the Directors of the Fund. Each class of Common Shares is further divided into Income Shares and Accumulation Shares. It is anticipated that Income Shares will receive dividends and that Accumulation Shares will receive no dividends. The Accumulation Shares is the only class of Common Shares outstanding at December 27, 2007 and December 28, 2006.

4. MANAGEMENT, ADMINISTRATION AND CUSTODIAN FEES

Under the terms of the Fund's Prospectus:

- a. P.R.P. Performa Limited (the "Investment Advisor"), an affiliated company, provides investment management and advisory services to the Fund. The Investment Advisor is responsible for the investment of the Fund's assets. The Investment Advisor earns an advisory fee from the Fund equal to 0.60% per annum, calculated weekly and paid quarterly in arrears.

The Investment Advisor is related to the Fund by a common directorship.

- b. SS&C Technology, Inc. (the "Administrator"), provides services as the Administrator, Share Registrar and Transfer Agent for the Fund. For these services, the Administrator receives an administration fee. The administration fee is calculated at a rate of 0.08%, on the first \$100 million and 0.04% in excess of \$100 million per annum, calculated weekly and paid quarterly in arrears.

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 27, 2007  
*(Expressed in U.S. dollars)*

4. MANAGEMENT, ADMINISTRATION AND CUSTODIAN FEES (cont'd)

c. The custodian, Comerica Bank, is entitled to receive fees calculated based on net assets at the following rates:

0.088% per annum on the first \$100 million  
0.077% per annum on the next \$100 million  
0.055% per annum on the amount over \$200 million

The custodian fee is calculated weekly and paid quarterly in arrears.

5. CONCENTRATION OF CREDIT RISK

As at December 27, 2007 and December 28, 2006, cash and cash equivalents and investments are maintained with the custodian. The Fund has all its individual counterparty concentration with this custodian, which is based in the United States of America.

6. NET REALIZED GAIN ON INVESTMENTS

The net realized gain on investments was as follows:

	2007	2006
Proceeds on sale of investments	\$ 136,852,848	\$ 85,332,181
Maturities during year	1,994,000	-
	138,846,848	85,332,181
Less cost of investments sold:		
Investments owned at beginning of year	109,358,455	69,687,961
Investments purchased during the year	149,990,216	120,806,128
Investments owned at end of year	(127,356,286)	(109,358,455)
	131,992,385	81,135,634
Net realized gain on investments	\$ 6,854,463	\$ 4,196,547

7. RELATED PARTY RECEIVABLE

Prior to December 28, 2006 the Fund received a subscription request for \$1,500,000, for which shares were issued. The proceeds for the subscription transferred from a fund, related through common directorship, on December 29, 2006 for a transaction that occurred on December 22, 2006. The \$1,500,000 subscriptions proceeds are recorded within the statement of net assets as a related party receivable.

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 27, 2007  
*(Expressed in U.S. dollars)*

8. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the year ended December 27, 2007 and December 28, 2006 were as follows:

	2007	2006
Net asset value per share at beginning of year	\$ 1,775.63	\$ 1,644.83
Net investment income	34.77	24.83
Net realized and unrealized gain on investments	33.92	105.97
Net increase in net assets resulting from operations	68.69	130.80
Net asset value per share outstanding at end of year	\$ 1,844.32	\$ 1,775.63
<b>TOTAL RETURN:</b>	<b>3.87%</b>	<b>7.95%</b>
<b>RATIO TO AVERAGE NET ASSETS:</b>		
Expenses	0.66%	0.75%
Net investment income	1.92%	1.45%

An individual investor's return may vary from these returns based on the timing of capital transactions.

9. TAXES

Under current laws, there are no income, profit, capital or capital gains taxes levied in Bermuda, and, accordingly, no provision for such taxes has been recorded by the Fund. In the event that such taxes are levied, the Fund has received an undertaking from the Government of Bermuda exempting it from all such taxes until March 28, 2016.