

**LOM EQUITY GROWTH FUND LIMITED**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

# LOM EQUITY GROWTH FUND LIMITED

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# Marcum & Kliegman (Cayman)

Certified Public Accountants & Consultants

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
LOM Equity Growth Fund Limited

We have audited the accompanying statement of assets and liabilities of LOM Equity Growth Fund Limited (the "Fund"), including the schedule of investments, as of December 31, 2005, and the related statements of operations, changes in net assets and cash flows 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 the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LOM Equity Growth Fund Limited as of December 31, 2005, and the results of its operations, changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Marcum & Kliegman LLP*

June 26, 2006

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# LOM EQUITY GROWTH FUND LIMITED

## STATEMENT OF ASSETS AND LIABILITIES

December 31, 2005

	Class A US \$	Class B EURO €
<u>ASSETS</u>		
Investments in securities, at fair value (cost of US \$6,013,198, EUR €3,334,425 for Class A and B respectively)	\$7,554,578	€ 3,768,715
Cash and cash equivalents	<u>106,410</u>	<u>109,704</u>
TOTAL ASSETS	7,660,988	3,878,419
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	<u>42,410</u>	<u>24,917</u>
NET ASSETS	<u>\$7,618,578</u>	<u>€ 3,853,502</u>
Number of Participating Shares in issue Class A and B respectively	<u>849,186.710</u>	<u>330,833.453</u>
Net asset value per Participating Share Class A and B respectively	<u>\$8.97162</u>	<u>€11.64786</u>

Approved by the Board of Directors:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES</u>				
<u>COMMON STOCKS</u>				
United States				
Business Services				
300	eBay Inc.	\$ 13,457	0.17%	\$ 12,966
130	Fortune Brands Inc.	9,198	0.13	10,143
620	Global Payments Inc.	22,796	0.38	28,898
600	RR Donnelley & Sons Co.	20,723	0.27	20,526
		<u>66,174</u>	0.95	<u>72,533</u>
Consumer Discretionary				
230	Nike Inc - Cl B	19,500	0.26	19,962
275	Mariott International, Inc.	18,194	0.24	18,417
1,100	The Walt Disney Company	20,237	0.35	26,367
200	Home Depot Inc.	7,945	0.11	8,096
		<u>65,876</u>	0.96	<u>72,842</u>
Consumer Staples				
750	Pepsico Inc.	32,329	0.58	44,310
350	Kimberly-Clark Corporation	23,006	0.27	20,878
1,060	Proctor & Gamble Company	49,939	0.81	61,353
550	Campbell Soup Company	16,201	0.21	16,374
800	Kroger Co.	13,073	0.20	15,104
550	Dean Foods Company	15,879	0.27	20,713
110	TREEHOUSE FOODS	3,176	0.03	2,059
2,000	CVS Corporation	41,825	0.69	52,840
30	Acco Brands Corporation	2,162	0.01	735
1,050	Archer Daniels Midland	20,567	0.34	25,893
300	Reebok International Ltd.	13,504	0.23	17,469
270	Harsco Corporation	18,397	0.24	18,228
380	Wal-Mart Stores Inc.	18,608	0.23	17,784
600	Altria Group Inc.	33,468	0.59	44,832
		<u>302,134</u>	4.70	<u>358,572</u>
Energy				
400	Norfolk Southern Corporation	17,613	0.24	17,932
380	Sempra Energy	17,430	0.22	17,039
660	Burlington Resources Inc.	29,808	0.75	56,892
850	Devon Energy Corporation	31,394	0.70	53,159
1,100	Occidental Petroleum Corp.	37,385	1.15	87,868
475	Halliburton Company	20,498	0.39	29,431
200	Transocean Inc.	10,359	0.18	13,938
990	Marathon Oil Corporation	51,412	0.79	60,360
		<u>215,899</u>	4.42	<u>336,619</u>
	Subtotal (Forward)	<u>\$ 650,083</u>	11.03%	<u>\$ 840,566</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 650,083	11.03%	\$ 840,566
United States				
Exchange Traded Funds (ETF)				
375	StreefTRACKS Gold Trust	16,788	0.26	19,343
312	iShares S&P 500 Index Fund	36,960	0.51	38,897
800	Nasdaq-100 Shares	31,494	0.42	32,330
		<u>85,242</u>	<u>1.19</u>	<u>90,570</u>
Financial				
725	Bank of America Corporation	27,242	0.44	33,459
3,417	IShares MSCI Emerging Markets Index	233,813	3.96	301,550
3,850	iShares MSCI Canada	61,911	1.11	84,315
705	iShares S&P 500 Value Index Fund	41,930	0.60	45,860
520	Wells Fargo & Company	26,930	0.43	32,672
1,150	Citigroup Inc.	51,322	0.73	55,810
195	Goldman Sachs Group Incorporated	19,692	0.33	24,903
240	Lehman Brothers Holdings Ltd.	25,601	0.40	30,761
170	Legg Mason, Inc.	14,754	0.27	20,347
350	Merrill Lynch and Company	18,379	0.31	23,706
1,320	Prudential Financial Inc.	80,484	1.27	96,611
300	American International Group	19,931	0.27	20,469
1,000	Allstate Corporation	48,298	0.71	54,070
2,400	Metlife Inc.	89,979	1.54	117,600
150	The Bear Stearns Companies Inc.	16,604	0.23	17,330
		<u>776,870</u>	<u>12.60</u>	<u>959,463</u>
Health Care				
200	Bausch & Lomb Incorporated	16,451	0.18	13,580
500	HCA-The Healthcare Corporation	24,295	0.33	25,250
250	Johnson Controls Inc.	18,459	0.24	18,228
2,100	UnitedHealth Group Incorporated	47,158	1.71	130,494
325	Cephalon Inc.	16,234	0.28	21,041
375	Caremark Rx Inc.	15,685	0.25	19,421
450	Coventry Health Care Inc.	19,417	0.34	25,632
420	Express Scripts, Inc.	16,278	0.46	35,196
1,100	Pfizer Inc.	26,684	0.34	25,652
400	Amerisourcebergen Corporation	15,489	0.22	16,560
820	Aetna Inc.	53,440	1.02	77,334
		<u>269,590</u>	<u>5.36</u>	<u>408,388</u>
	Subtotal (Forward)	\$ 1,781,785	30.18%	\$ 2,298,987

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 1,781,785	30.18%	\$ 2,298,987
	United States			
	Industrial			
200	Monsanto Company	12,360	0.21	15,506
400	Praxair, Inc.	15,794	0.28	21,184
460	Affiliated Computer Services, Inc.	24,358	0.36	27,223
335	Exelon Corporation	16,875	0.23	17,802
200	Fiserv Inc.	8,655	0.11	8,654
500	Jabil Circuit, Inc.	13,700	0.24	18,545
400	Lam Research Corp.	14,293	0.19	14,272
1,050	Mcgraw-Hill Companies, Inc.	40,145	0.71	54,212
850	Arrow Electronics, Inc.	22,946	0.36	27,226
250	Beckman Coulter Inc.	14,454	0.19	14,225
570	Caterpillar Inc.	30,306	0.43	32,929
150	ITT Industries Inc.	14,266	0.20	15,423
225	Cooper Industries Ltd Class A	16,478	0.22	16,425
500	Tyco International Limited	15,475	0.19	14,430
500	BHP Billiton Limited - Sponsored ADR	16,233	0.22	16,710
200	Fedex Corporation	<u>18,677</u>	<u>0.27</u>	<u>20,678</u>
		295,015	4.41	335,444
	Mutual Funds			
200	iShares Nasdaq Biotechnology Index Fund	13,755	0.20	15,448
4,512.74	Franklin Templeton Asian Growth Fund- A	<u>66,048</u>	<u>0.90</u>	<u>68,729</u>
		79,803	1.10	84,177
	Technology			
725	General Dynamics Corporation	57,077	1.08	82,686
550	Northrop Grumman Corporation	30,766	0.43	33,061
450	Raytheon Company	17,493	0.24	18,068
1,100	United Technologies Corporation	52,824	0.81	61,501
200	Amgen Inc.	12,327	0.21	15,772
330	Cardinal Health, Inc.	18,644	0.30	22,688
1,200	Apple Computer Inc.	19,645	1.13	86,268
1,800	Dell Inc.	50,722	0.71	53,910
1,000	Hewlett-Packard Company	24,857	0.38	28,630
160	International Business Machines Inc.	12,299	0.17	13,152
750	Chubb Corp.	58,546	0.96	73,238
1,000	Cadence Design Systems, Inc.	17,039	0.22	16,920
350	Ensco International Inc.	16,514	0.20	15,523
250	Nabors Industries Ltd.	<u>19,553</u>	<u>0.25</u>	<u>18,938</u>
		408,306	7.09	540,355
	Subtotal (Forward)	\$ 2,564,909	42.78%	\$ 3,258,963

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 2,564,909	42.78%	\$ 3,258,963
United States				
Technology, continued				
425	Omnicare Inc.	14,859	0.32	24,319
475	Pepsi Bottling Group, Inc.	13,500	0.18	13,590
385	Progressive Corp.	36,131	0.59	44,960
300	Temple-Inland Inc.	10,936	0.18	13,455
450	Thermo Electron Corp	14,233	0.18	13,559
533	Aqua America Inc.	11,041	0.19	14,551
600	Advanced Micro Devices	15,365	0.24	18,360
175	Cummins Inc.	15,364	0.21	15,703
600	Edison International	21,920	0.34	26,166
133	Freescale Semiconductor Inc -B	2,297	0.04	3,348
325	Lockheed Martin Corporation	19,684	0.27	20,680
550	Synopsys Inc.	11,438	0.14	11,033
280	Community Health Systems Inc.	10,391	0.14	10,735
750	Applied Materials Inc.	12,550	0.18	13,455
500	Intel Corporation	12,260	0.16	12,480
270	Quest Diagnostics Inc.	14,108	0.18	13,900
300	Harris Corporation	12,713	0.17	12,903
1,700	Microsoft Corporation	42,736	0.58	44,455
1,300	Motorola Inc.	21,398	0.39	29,367
		<u>312,924</u>	<u>4.69</u>	<u>357,019</u>
Utilities				
300	TXU Corp.	15,482	0.20	15,057
160	Energizer Holdings Inc.	9,471	0.10	7,966
430	Alltel Corporation	23,577	0.36	27,133
2,300	Sprint Nextel Corporation	42,897	0.71	53,728
935	AT&T Inc.	22,993	0.30	22,898
		<u>114,420</u>	<u>1.66</u>	<u>126,782</u>
Other				
880	Time Warner Inc.	14,932	0.20	15,337
325	Diebold Inc.	12,546	0.16	12,299
		<u>27,478</u>	<u>0.36</u>	<u>27,636</u>
	Total United States	\$ <u>3,019,731</u>	<u>49.49%</u>	\$ <u>3,770,400</u>

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



**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - USD CLASS A, Continued**

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 3,019,731	49.49%	\$ 3,770,400
	Asia			
	Automobiles			
300	Toyota Motor Corporation	10,716	0.21	15,592
6,000	Mazda Motor Corp.	22,529	0.36	27,516
		33,245	0.57	43,108
	Consumer Discretionary			
400	Takeda Chemical Industries Ltd.	19,611	0.29	21,673
400	Eisai Co., Ltd.	13,299	0.22	16,815
		32,910	0.51	38,488
	Consumer Staples			
1,000	Matsushita Electric Industrial Company	15,157	0.25	19,321
50	Keyence Corp.	11,388	0.19	14,246
400	Canon Inc.	21,502	0.31	23,439
700	Aeon Co., Ltd.	14,289	0.23	17,834
		62,336	0.98	74,840
	Energy			
500	Tokyo Electric Power Company	11,754	0.16	12,166
	Financial			
1,000	Nikon Corporation	11,160	0.21	15,805
2,000	Sumitomo Trust & Banking Co. Ltd. (The)	12,160	0.27	20,467
4,000	Isuzu Motors Ltd.	11,291	0.20	15,287
4	Resona Holdings Inc.	16,830	0.21	16,136
		51,441	0.89	67,695
	Industrial			
4,000	Nisshin Steel Co., Ltd.	13,538	0.18	12,943
700	Asahi Breweries Ltd.	8,395	0.12	8,555
2	Japan Tobacco Inc.	27,073	0.38	29,214
3,000	Mitsubishi Rayon Co Ltd.	12,284	0.26	19,873
2,000	Rengo Co. Ltd.	10,497	0.16	12,127
500	Ibiden Co. Ltd.	12,217	0.35	26,837
3,000	Mitsubishi Gas Chemical Co.	15,751	0.37	28,408
1,500	Nippon Mining Holdings Inc.	8,589	0.14	10,688
6,000	Sumitomo Metal Industries	10,268	0.30	23,134
2,000	Komatsu Ltd.	15,623	0.43	33,138
2,000	Sumitomo Heavy Industries	10,351	0.22	16,815
3,000	Kubota Corp.	16,978	0.33	25,248
3,000	Mitsubishi Electric Corp.	16,183	0.28	21,274
400	Denso Corp.	9,218	0.18	13,826
200	Fanuc Ltd.	12,215	0.22	17,002
1,000	Koito Manufacturing Co.	10,461	0.20	15,389
400	Hoya Corp.	9,889	0.19	14,403
		219,530	4.31	328,874
	Subtotal (Forward)	\$ 3,430,947	56.91%	\$ 4,335,571

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - USD CLASS A, Continued**

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 3,430,947	56.91%	\$ 4,335,571
Asia				
Industrial, continued				
1,000	Mitsui & Co Ltd.	9,236	0.17	12,866
2,000	Mitsubishi Corp.	27,166	0.58	44,331
3	Sumitomo Mitsui Financial	19,635	0.42	31,847
2,000	Bank of Fukuoka Ltd.	11,895	0.22	17,138
2,000	Chiba Bank Ltd.	13,165	0.22	16,798
150	Aiful Corp.	11,117	0.16	12,548
100	Orix Corp.	14,317	0.33	25,520
1,000	Mitsui Sumitomo Insurance Co.	8,938	0.16	12,255
1,000	Sompo Japan Insurance Inc.	9,656	0.18	13,546
2,000	Mitsui Osk Lines Ltd.	12,297	0.23	17,478
3	KDDI Corp.	13,853	0.23	17,325
600	Kansai Electric Power Co. Inc.	11,731	0.17	12,917
3,000	Osaka Gas Co. Ltd.	9,401	0.14	10,369
400	Yamada Denki Co. Ltd.	22,486	0.66	50,140
		<u>194,893</u>	<u>3.87</u>	<u>295,078</u>
Mutual Funds				
5,500	Adidas-Salomon AG	78,355	1.04	79,012
27,500	Continental AG	101,845	1.59	121,210
		<u>180,200</u>	<u>2.63</u>	<u>200,222</u>
	Total Asia	<u>\$ 786,309</u>	<u>13.92%</u>	<u>\$ 1,060,471</u>
Australia				
Mutual Funds				
6,150.00	Fidelity Funds - Australia Fund	162,964	2.26	171,571
Europe				
Basic Materials				
500	DSM NV	15,535	0.27	20,440
500	Arcelor	10,784	0.16	12,412
		<u>26,319</u>	<u>0.43</u>	<u>32,852</u>
Consumer Discretionary				
850	Telekom Austria AG	16,599	0.25	19,136
485	Cap Gemini SA	10,157	0.26	19,487
5,000	Tesco PLC	23,810	0.37	28,559
700	Reckitt Benckiser plc	20,728	0.30	23,157
260	Christian Dior SA	16,615	0.30	23,136
950	Novartis AG Reg Shs	44,095	0.66	49,945
810	British American Tobacco PLC	15,202	0.24	18,143
		<u>147,206</u>	<u>2.38</u>	<u>181,563</u>
	Subtotal (Forward)	<u>\$ 4,142,529</u>	<u>68.48%</u>	<u>\$ 5,216,857</u>

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - USD CLASS A, Continued**

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 4,142,529	68.48%	\$ 5,216,857
Asia				
Consumer Staples				
600	ACS Actividades Cons Y Serv	12,629	0.25	19,345
260	DaimlerChrysler AG	10,342	0.17	13,290
140	Muenchener Rueckver AG-Reg	15,853	0.25	18,974
130	Allianz AG-REG	15,492	0.26	19,707
2,500	Hilton Group plc	12,863	0.21	15,658
74	Nestle SA - Registered	20,004	0.29	22,143
		<u>87,183</u>	1.43	109,117
Diversified				
400	Logitech International S.A.	12,894	0.25	18,806
1,200	Associated British Foods plc	17,012	0.23	17,347
660	Astrazeneca PLC	28,112	0.42	32,171
120	Umicore	12,930	0.19	14,162
4,500	02 PLC	10,557	0.20	15,333
		<u>81,505</u>	1.29	97,819
Europe				
Energy				
390	Total SA	76,675	1.29	98,060
1,320	BP plc Ord. USD0.25	14,671	0.18	14,078
		<u>91,346</u>	1.47	112,138
Financial				
300	Credit Suisse Group - Reg	12,391	0.20	15,304
663	UBS AG Registered	34,963	0.83	63,150
600	BNP Paribas SA	35,228	0.64	48,593
350	Continental AG	20,223	0.41	31,095
600	Deutsche Post AG-REG	14,030	0.19	14,560
410	Societe Generale - A	40,680	0.66	50,476
1,012	ING Groep N.V	23,862	0.46	35,134
510	KBC Bankverzekeringsholding	39,120	0.62	47,528
2,900	HBOS plc	45,499	0.65	49,617
225	Zurich Financial Services AG	31,910	0.63	47,967
2,500	Aviva plc	25,547	0.40	30,368
3,200	Prudential plc	28,825	0.40	30,325
1,010	AXA	27,547	0.43	32,623
4,500	The Sage Group PLC	15,518	0.26	20,004
		<u>395,343</u>	6.78	516,744
	Subtotal (Forward)	\$ 4,797,906	79.45%	\$ 6,052,675

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 4,797,906	79.45%	\$ 6,052,675
	Europe			
	Industrial			
2,900	BAE SYSTEMS plc	15,209	0.25	19,075
1,100	Smiths Group plc	17,950	0.26	19,825
800	Suez SA	21,765	0.33	24,930
		<u>54,924</u>	<u>0.84</u>	<u>63,830</u>
	Mutual Funds			
11,996.25	INVESCO UK Equity Fund Class A	111,126	1.54	117,403
10,000.00	Schroder ISF - EURO Dynamic Growth	37,764	0.53	40,168
		<u>148,890</u>	<u>2.07</u>	<u>157,571</u>
	Other			
800	Deutsche Lufthansa-AG	10,631	0.15	11,858
2,200	British Airways plc	10,722	0.16	12,661
200	Adidas-Salomon AG	24,207	0.50	37,917
450	Inchcape plc	14,874	0.22	17,686
100	Pernod Richard	12,223	0.22	17,465
2,750	SABMiller plc	37,013	0.66	50,273
120	Straumann Holding AG-REG	21,790	0.37	27,821
300	E.ON AG	21,525	0.41	31,072
800	Vinci S.A	40,640	0.90	68,866
650	Compagnie de Saint-Gobain	31,614	0.51	38,702
2,950	Eni S.p.A	61,754	1.07	81,899
750	OMV AG	16,103	0.58	43,989
300	RWE AG	14,986	0.29	22,199
520	Assurances Generales de France (AGF)	42,071	0.68	51,572
1,428	Aegon NV	18,216	0.31	23,266
450	Atos Origin SA	25,867	0.39	29,673
120	Cumerio	--	0.03	2,184
475	Bouygues SA	20,414	0.31	23,245
600	Vivendi Universal SA	18,785	0.25	18,811
660	Fortum Oyi	10,049	0.16	12,387
130	Henkel KGaA-Vorzug	11,554	0.17	13,093
2,400	Koninklijke KPN NV	20,450	0.32	24,087
225	Lagardere S.C.A.	16,136	0.23	17,329
325	Neopost SA	21,964	0.43	32,617
1,500	Sampo Oyj Class A Shares	19,820	0.34	26,163
635	Sanofi-Aventis	36,382	0.73	55,678
		<u>579,790</u>	<u>10.39</u>	<u>792,513</u>
	Subtotal (Forward)	\$ 5,581,510	92.75%	\$ 7,066,589

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - USD CLASS A, Continued**

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 5,581,510	92.75%	\$ 7,066,589
	Europe			
	Other, continued			
330	Tietoenator Oyj	10,023	0.16	12,063
480	Veolia Environnement	17,779	0.29	21,749
320	Volkswagen AG	14,402	0.22	16,915
250	Zodiac SA	12,204	0.21	16,070
625	Filtrona Plc	4,263	0.04	3,069
4,750	International Power PLC	14,432	0.26	19,601
1,600	Standard Chartered plc	29,496	0.47	35,701
1,000	WPP Group plc	10,455	0.14	10,838
200	Fresenius AG-PFD	18,419	0.36	27,170
80	Syngenta AG	8,558	0.13	9,959
		<u>140,031</u>	2.28	173,135
	Technology			
300	BASF AG	16,858	0.30	22,999
	Utilities			
500	France Telecom SA	14,883	0.16	12,436
650	Indra Sistemas SA	11,781	0.17	12,716
30	Telefonica, S.A.	--	0.01	452
3,900	BT Group plc	14,001	0.20	14,966
775	Royal Bank of Scotland Group Plc	23,643	0.30	23,435
		<u>64,308</u>	0.84	64,005
	Total Europe	<u>\$ 1,833,703</u>	<u>30.51%</u>	<u>\$ 2,324,286</u>
	Canada			
	Basic Materials			
320	Teck Cominco Limited Class B Sub-Vtg	12,659	0.22	17,088
	Consumer Staples			
320	Loblaw Companies Limited	15,432	0.20	15,524
330	Canadian Tire Corporation - Class A	15,691	0.26	19,749
		<u>31,123</u>	0.46	35,273
	Energy			
530	Husky Energy Inc.	26,299	0.35	26,910
1,000	Petro-Canada	40,504	0.53	40,146
		<u>66,803</u>	0.88	67,056
	Subtotal (Forward)	<u>\$ 5,913,292</u>	<u>97.73%</u>	<u>\$ 7,446,145</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - USD CLASS A, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	\$ 5,913,292	97.73%	\$ 7,446,145
Canada				
Financial				
550	Manulife Financial Corporation	32,641	0.42	32,314
Industrial				
400	Canadian Pacific Railway Ltd.	16,514	0.22	16,768
Other				
900	TELUS Corporation	28,812	0.49	37,069
300	Weston, George Limited	21,939	0.29	22,282
		<u>50,751</u>	<u>0.78</u>	<u>59,351</u>
	Total Canada	<u>\$ 210,491</u>	<u>2.98%</u>	<u>\$ 227,850</u>
	TOTAL INVESTMENTS IN SECURITIES	<u>\$ 6,013,198</u>	<u>99.15%</u>	<u>\$ 7,554,578</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - EUR CLASS B

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES</u>				
<u>COMMON STOCKS</u>				
United States				
Exchange Trade Funds				
450	iShares MSCI Austria Index	€ 10,017	0.27%	€ 10,478
Mutual Funds				
3,188.40	Franklin Templeton Asian Growth Fund- A	39,706	1.07	40,982
	Total United States	€ 49,723	1.34%	€ 51,460
Asia				
Consumer Discretionary				
200	Takeda Chemical Industries Ltd.	8,099	0.24	9,146
300	Eisai Co., Ltd.	8,233	0.28	10,643
400	Santen Pharmaceutical Co., Ltd.	7,738	0.24	9,346
579	Daiichi Sankyo Co. Ltd.	9,270	0.24	9,441
		33,340	1.00	38,576
Consumer Staples				
1,000	Matsushita Electric Industrial Company	12,504	0.42	16,306
500	Canon Inc.	22,159	0.64	24,727
900	Marui Co., Ltd.	12,464	0.39	14,933
600	Aeon Co., Ltd.	10,189	0.34	12,901
		57,316	1.79	68,867
Financial				
1,000	Nikon Corporation	9,383	0.35	13,338
2	Mitsubishi Tokyo Financial Group Inc.	18,776	0.60	22,935
3,000	Sumitomo Trust & Banking Co. Ltd. (The)	16,558	0.66	25,910
		44,717	1.61	62,183
Industrial				
5,000	Nisshin Steel Co., Ltd.	14,028	0.35	13,654
1,000	Asahi Breweries Ltd.	10,302	0.27	10,314
1	Japan Tobacco Inc.	11,177	0.32	12,328
2,000	Mitsubishi Rayon Co. Ltd.	6,763	0.29	11,181
2,000	Rengo Co. Ltd.	8,660	0.27	10,235
700	Ibiden Co. Ltd.	14,830	0.82	31,708
2,000	Mitsubishi Gas Chemical Co.	8,719	0.41	15,983
1,500	Nippon Mining Holdings Inc.	8,109	0.23	9,020
5,000	Sumitomo Metal Industries	7,062	0.42	16,270
2,000	Komatsu Ltd.	12,888	0.73	27,967
3,000	Sumitomo Heavy Industries	13,600	0.55	21,287
2,000	Kubota Corp.	9,344	0.37	14,206
2,000	Mitsubishi Electric Corp.	8,907	0.32	11,969
		134,389	5.35	206,122
	Subtotal (Forward)	€ 319,485	11.09%	€ 427,208

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

# LOM EQUITY GROWTH FUND LIMITED

## SCHEDULE OF INVESTMENTS - EUR CLASS B, Continued

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	€ 319,485	11.09%	€ 427,208
Asia				
Industrial, continued				
2,000	NEC Corporation	9,165	0.27	10,522
300	Denso Corp.	5,708	0.23	8,751
200	Fanuc Ltd.	10,864	0.37	14,349
1,000	Mitsui & Co. Ltd.	7,900	0.28	10,859
1,000	Mitsubishi Corp.	11,216	0.49	18,707
2,000	Chiba Bank Ltd.	10,861	0.37	14,177
100	Aiful Corp.	6,121	0.18	7,060
100	Orix Corp.	12,317	0.56	21,538
2,000	Mitsui Sumitomo Insurance Co.	14,725	0.54	20,685
2,000	Mitsui Osk Lines Ltd.	10,237	0.38	14,750
3	KDDI Corp.	12,277	0.38	14,621
600	Kansai Electric Power Co. Inc.	9,677	0.28	10,902
3,000	Osaka Gas Co. Ltd.	7,705	0.23	8,751
300	Yamada Denki Co. Ltd.	<u>15,760</u>	<u>0.82</u>	<u>31,737</u>
		144,533	5.38	207,409
Mutual Funds				
5,900.00	Schroder ISF - Hong Kong Equity	69,064	1.86	71,532
65,047.24	INVESCO GT Nippon Growth Class A	<u>218,798</u>	<u>6.28</u>	<u>241,966</u>
		287,862	8.14	313,498
Other Equities				
3,000	Nippon Steel Corporation	7,875	0.23	9,031
600	Toyota Motor Corporation	18,100	0.68	26,318
5,000	Mazda Motor Corp.	15,847	0.50	19,352
5	Resona Holdings Inc.	17,775	0.44	17,022
300	Tokyo Electric Power Company	<u>5,944</u>	<u>0.17</u>	<u>6,160</u>
		<u>65,541</u>	<u>2.02</u>	<u>77,883</u>
	Total Asia	€ <u>767,698</u>	<u>25.29%</u>	€ <u>974,538</u>
	Subtotal (Forward)	€ <u>817,421</u>	<u>26.63%</u>	€ <u>1,025,998</u>

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



**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - EUR CLASS B, Continued**

December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	€ 817,421	26.63%	€ 1,025,998
	Australia			
8,085.88	Fidelity Funds - Australia Fund	178,387	4.94	190,377
	Europe			
	Basic Materials			
60	Roche Holding AG-Genusss	6,923	0.20	7,607
690	DSM NV	21,274	0.62	23,805
800	Arcelor	16,677	0.43	16,760
2,500	Taylor Woodrow Plc	13,283	0.36	13,832
1,850	BHP Billiton PLC	21,562	0.66	25,543
300	Rio Tinto PLC - Registered	<u>8,926</u>	<u>0.30</u>	<u>11,582</u>
		88,645	2.57	99,129
	Consumer Discretionary			
730	Novartis AG_Reg Shs	29,332	0.84	32,390
2,000	Tesco PLC	9,536	0.25	9,641
1,800	Unilever plc	15,219	0.39	15,090
350	Reckitt Benckiser plc	8,940	0.25	9,772
600	GlaxoSmithKline Plc	11,916	0.33	12,817
500	British American Tobacco PLC	8,174	0.25	9,452
300	Telekom Austria AG	4,951	0.15	5,700
200	InBev NV	6,705	0.19	7,354
700	Cap Gemini SA	22,077	0.62	23,737
350	Christian Dior SA	<u>24,176</u>	<u>0.68</u>	<u>26,285</u>
		141,026	3.95	152,238
	Consumer Staples			
275	Holcim Ltd - Reg	15,700	0.41	15,815
100	Nestle SA - Registered	22,572	0.66	25,253
400	ACS Actividades Cons Y Serv	9,585	0.28	10,884
1,000	Infineon Technologies AG	7,695	0.20	7,730
250	DaimlerChrysler AG-Reg	8,398	0.28	10,785
150	Muenchener Rueckver AG-Reg	17,197	0.45	17,157
150	Allianz AG-REG	15,375	0.50	19,191
2,500	Hilton Group plc	<u>10,558</u>	<u>0.33</u>	<u>13,214</u>
		<u>107,080</u>	<u>3.11</u>	<u>120,029</u>
	Subtotal (Forward)	€ <u>1,332,559</u>	<u>41.20%</u>	€ <u>1,587,771</u>

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - EUR CLASS B, Continued**  
December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	€ 1,332,559	41.20%	€ 1,587,771
	Europe			
	Diversified			
320	Logitech International S.A.	8,026	0.33	12,697
250	Man AG	9,468	0.29	11,250
1,000	Associated British Foods plc	12,153	0.32	12,200
875	Astrazeneca PLC	33,275	0.93	35,995
4,500	LogicaCMG plc	11,926	0.30	11,599
7,500	02 PLC	15,284	0.56	21,567
		90,132	2.73	105,308
	Energy			
440	Total SA	90,532	2.42	93,368
500	Endesa, S.A	9,385	0.29	11,110
8,300	BP plc Ord. USD0.25	75,440	1.94	74,709
		175,357	4.65	179,187
	Financial			
800	Credit Suisse Group - Reg	28,058	0.89	34,442
500	UBS AG Registered	32,805	1.04	40,193
255	Zurich Financial Services AG	39,487	1.19	45,880
700	BNP Paribas SA	41,180	1.24	47,845
150	Celesio AG	10,239	0.28	10,899
200	Continental AG	11,475	0.39	14,996
120	Deutsche Bank AG	9,400	0.26	9,828
500	Deutsche Post AG-REG	10,370	0.27	10,240
625	Societe Generale - A	56,109	1.69	64,938
1,200	ING Groep N.V	28,697	0.91	35,160
350	KBC Bankverzekeringsholding	23,640	0.71	27,528
3,400	HBOS plc	45,397	1.27	49,094
1,900	Aviva plc	17,585	0.51	19,478
3,000	Prudential plc	22,014	0.62	23,993
3,200	The Sage Group PLC	10,672	0.32	12,005
		387,128	11.59	446,519
	Industrial			
300	Compagnie Financiere Richemont AG	9,706	0.29	11,027
140	Grupo Ferrovial, S.A.	9,739	0.21	8,190
850	Suez SA	21,238	0.58	22,355
1,100	Smiths Group plc	15,045	0.43	16,731
5,300	BAE SYSTEMS plc	24,696	0.77	29,421
		80,424	2.28	87,724
	Subtotal (Forward)	€ 2,065,600	62.45%	€ 2,406,509

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - EUR CLASS B, Continued**  
December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	€ 2,065,600	62.45%	€ 2,406,509
	Europe			
	Mutual Funds			
70,597.51	Schroder ISF - EURO Dynamic Growth	231,192	6.21	239,326
18,812.26	INVESCO UK Equity Fund Class A	<u>150,507</u>	<u>4.03</u>	<u>155,379</u>
		381,699	10.24	394,705
	Europe			
	Other Equities			
60	Straumann Holding AG-REG	10,426	0.30	11,740
55	Kuehne & Nagel International AG	9,589	0.34	13,094
750	Deutsche Lufthansa-AG	8,313	0.24	9,383
100	Adidas-Salomon AG	14,010	0.42	16,000
120	Pernod Richard	17,293	0.46	17,688
250	Fresenius Medical Care	21,739	0.58	22,250
280	E.ON AG	20,982	0.64	24,475
350	Vinci S.A	24,379	0.66	25,428
600	Compagnie de Saint-Gobain	29,990	0.78	30,150
2,300	Eni S.p.A	51,354	1.40	53,889
200	OMV AG	9,701	0.26	9,900
600	RWE AG	34,270	0.97	37,470
650	Assurances Generales de France (AGF)	46,394	1.41	54,405
150	Atos Origin SA	8,530	0.22	8,348
1,800	AXA	42,424	1.27	49,068
300	Bouygues SA	10,558	0.32	12,390
450	Vivendi Universal SA	11,273	0.31	11,907
500	Finmeccanica Spa	7,705	0.21	8,175
350	Henkel KGaA-Vorzug	28,091	0.77	29,750
2,400	Koninklijke KPN NV	16,922	0.53	20,328
375	Metro AG	15,031	0.40	15,300
200	Lagardere S.C.A.	11,715	0.34	13,000
310	Neopost SA	24,991	0.68	26,257
310	Sanofi-Aventis	22,274	0.60	22,940
600	Thyssenkrupp AG	10,230	0.27	10,572
680	Veolia Environnement	24,042	0.67	26,003
300	Volkswagen AG	11,011	0.35	13,383
225	Zodiac SA	10,357	0.32	12,206
140	Fresenius AG-PFD	13,911	0.42	16,051
2,800	British Airways plc	11,116	0.35	13,599
250	Inchcape plc	<u>7,328</u>	<u>0.21</u>	<u>8,292</u>
		<u>585,949</u>	<u>16.70</u>	<u>643,441</u>
	Subtotal (Forward)	€ <u>3,033,248</u>	<u>89.39%</u>	€ <u>3,444,655</u>

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

**LOM EQUITY GROWTH FUND LIMITED**  
**SCHEDULE OF INVESTMENTS - EUR CLASS B, Continued**  
December 31, 2005

Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES, Continued</u>				
<u>COMMON STOCKS, Continued</u>				
	Subtotal (Forward)	€ 3,033,248	89.39%	€ 3,444,655
	Europe			
	Other Equities, continued			
1,150	SABMiller plc	15,920	0.46	17,743
900	BOC Group PLC	15,599	0.41	15,678
600	Diageo plc	7,353	0.19	7,351
4,000	International Power PLC	11,927	0.36	13,931
2,100	Standard Chartered plc	34,074	1.03	39,545
1,200	WPP Group plc	10,179	0.28	10,976
900	Wolseley PLC	<u>15,519</u>	<u>0.40</u>	<u>16,032</u>
		110,571	3.13	121,256
	Europe			
	Technology			
500	European Aeronautic Defence & Space	16,146	0.41	15,950
450	Philips Electronics NV	10,038	0.31	11,813
275	BASF AG	15,727	0.46	17,793
60	SAP AG (System Anwendungen Prod. Datenv)	8,529	0.24	9,186
5,300	Rolls-Royce Group plc	<u>29,259</u>	<u>0.86</u>	<u>32,947</u>
		79,699	2.28	87,689
	Utilities			
550	France Telecom SA	13,085	0.30	11,545
500	Indra Sistemas SA	8,230	0.21	8,255
702	National Grid Plc	6,406	0.15	5,803
650	Scottish & Southern Energy	9,984	0.25	9,584
8,000	BT Group plc	26,489	0.67	25,907
1,000	Persimmon plc	11,152	0.47	18,293
1,400	Royal Bank of Scotland Group Plc	<u>35,561</u>	<u>0.94</u>	<u>35,728</u>
		110,907	2.99	115,115
	Total Europe	€ <u>2,338,617</u>	<u>66.22%</u>	€ <u>2,552,340</u>
	TOTAL INVESTMENTS IN SECURITIES	€ <u>3,334,425</u>	<u>97.79%</u>	€ <u>3,768,715</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## STATEMENT OF OPERATIONS

For the Year Ended December 31, 2005

	Class A US \$	Class B EURO €
<u>INVESTMENT INCOME</u>		
Interest	\$ 1,848	€ 599
Dividends	<u>96,653</u>	<u>12,474</u>
TOTAL INVESTMENT INCOME	98,501	13,073
<u>EXPENSES</u>		
Management fees	97,940	19,248
Administration fees	9,943	7,005
Custodian fees	2,400	1,743
Professional fees	20,387	16,137
Miscellaneous	<u>2,728</u>	<u>1,212</u>
TOTAL EXPENSES	<u>133,398</u>	<u>45,345</u>
NET INVESTMENT LOSS	(34,897)	(32,272)
<u>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</u>		
Net realized gain (loss) on sale of investments	309,188	(9,378)
Net change in unrealized appreciation of investments	<u>577,059</u>	<u>434,306</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	<u>886,247</u>	<u>424,928</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$851,350</u>	<u>€392,656</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2005

	Class A US \$	Class B EURO €
<u>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</u>		
Net investment loss	\$ (34,897)	€ (32,272)
Net realized gain (loss) on sale of investments	309,188	(9,378)
Net change in unrealized appreciation of investments	<u>577,059</u>	<u>434,306</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>851,350</u>	<u>392,656</u>
<u>INCREASE (DECREASE) IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS</u>		
Proceeds from issuance of 295,957.828 Class A and 342,526.967 Class B shares	2,419,869	3,585,846
Payment on redemption of 246,467.587 Class A and 11,693.514 Class B shares	<u>(2,003,462)</u>	<u>(125,000)</u>
NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL SHARE TRANSACTIONS	<u>416,407</u>	<u>3,460,846</u>
NET INCREASE IN NET ASSETS	1,267,757	3,853,502
<u>NET ASSETS - Beginning</u>	<u>6,350,821</u>	<u>---</u>
<u>NET ASSETS - Ending</u>	<u>\$ 7,618,578</u>	<u>€3,853,502</u>

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

# LOM EQUITY GROWTH FUND LIMITED

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

	Class A US \$	Class B EURO €
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net increase in net assets resulting from operations	\$ 851,350	€ 392,656
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Purchase of investment securities	(7,095,138)	(4,393,414)
Proceeds from sale of investment securities	6,726,820	1,049,627
Net realized (gain) loss on sale of investments	(309,188)	9,378
Net change in unrealized appreciation of investments	(577,059)	(434,306)
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	<u>2,034</u>	<u>24,917</u>
<b>TOTAL ADJUSTMENTS</b>	<b><u>(1,252,531)</u></b>	<b><u>(3,743,798)</u></b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(401,181)</b>	<b>(3,351,142)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from issuance of shares	2,419,869	3,585,846
Payment on redemption of shares	<u>(2,003,462)</u>	<u>(125,000)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>416,407</u></b>	<b><u>3,460,846</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,226</b>	<b>109,704</b>
<b><u>CASH AND CASH EQUIVALENTS – Beginning</u></b>	<b><u>91,184</u></b>	<b><u>--</u></b>
<b><u>CASH AND CASH EQUIVALENTS – Ending</u></b>	<b><u>\$ 106,410</u></b>	<b><u>€ 109,704</u></b>

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

# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Organization and Operations

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

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

Lines Overseas Management (the “Administrator”) acts as Administrator, Registrar and Transfer agent for the Fund. LOM Asset Management Limited (“LOMAM”) acts as Investment Manager. The Administrator also acts as paying agent and custodian to the Fund.

Certain directors of the Fund are also principals, directors and officers of the Administrator or companies affiliated with the Administrator and LOMAM.

### NOTE 2 - Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### Investment Transactions and Valuation

Investment transactions are accounted for on a trade date basis. Investments in securities traded on a national securities exchange or reported on a national market are valued at the last reported sales price on the date of the valuation. Investments in other investment companies are valued at the net asset value or bid prices of the fund, as published or otherwise reported by the fund. Investments in exchange-traded funds are stated at the last reported sales price on the date of valuation or at the last quoted bid price, if no sale was reported on the valuation date.

Realized gains and losses on investments are calculated using the average cost method and are recorded in the accompanying statement of operations.

#### Income Recognition

Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date and is presented net of withholding taxes.



# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 - Summary of Significant Accounting Policies, continued

#### Foreign Currency Translation

The Fund's functional currency is U.S. dollars for the Class A participating shares and Euros for the Class B participating shares. Bermuda dollars trade at par with U.S. dollars. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

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

Realized and unrealized foreign exchange gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and changes in the fair values of assets and liabilities, other than investments in securities, resulting from changes in exchange rates.

#### Cash and Cash Equivalents

The Fund considers all short-term investments with original maturities of three months or less to be cash equivalents.

Cash and cash equivalents include an investment in LOM Money Market Fund Limited, a related party investment company by virtue of a common investment manager and directors. Such investments generally have no usage and withdrawal restrictions. At December 31, 2005, the value of the Class A investment was \$40,050 (representing 366.376 shares of the USD Class), \$40,303 (representing 2,961.293 shares of the Euro Class), \$582 (representing 53.546 shares of the CAD Class) and the value of the Class B investment was €122,257 (representing 10,643.784 shares of the Euro Class) of LOM Money Market Fund Limited.

#### Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - Capital Stock

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

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

The Investment Manager owns 100% of the Management Shares.

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

At December 31, 2005, and for the year then ended, LOM Nominees Limited ("LOM Nominees") held all of the shares of the Fund. During the year ended December 31, 2005, LOM Nominees bought 295,957.828 and sold 246,467.587 Class A shares and bought 342,526.967 and sold 11,693.514 Class B shares of the Fund.

### NOTE 4 - Management Fee

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

Management fees for the year ended December 31, 2005 totaled \$97,940 and €19,248 of which \$25,750 and €10,720 is payable at December 31, 2005.

### NOTE 5 - Custodian Fee

Under the Custody Agreement dated March 31, 2000, the Custodian is entitled to receive a fee of 0.05% per annum of the net asset value of the Fund, calculated and payable on a weekly basis, subject to a minimum fee of \$3,000 per year in respect of Class A and €3,000 per year in respect of Class B. During 2005, the Custodian charged the Fund fees totaling \$2,400 and €1,743 respectively.

# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 - Administration Fees

Effective February 1, 2002, the Administrator is entitled to receive an estimated fee of \$10,000 per annum per class. During 2005, the Administrator charged the Fund fees totaling \$9,943 and €7,005 respectively.

### NOTE 7 - Taxation

Under current Cayman Islands law the Fund is not required to pay taxes in the Cayman Islands on income, profits or capital gains. The Fund obtained an exemption from the Cayman Islands authorities on March 14, 2000, from such taxes for a period of 20 years. The Fund is also not subject to income taxes under current Bermuda law.

It is Management's belief that the fund is not engaged in United States trade or business and is not subject to United States income or withholding taxes in respect of the profits and losses of the Fund other than the 30% withholding tax on US source dividends. As a result, Management has made no provision for income taxes in these financial statements.

### NOTE 8 - Derivative Financial Instruments and Risk Management

The Fund does not buy or hold derivative financial instruments. Some of the other investment companies in which the Fund invests are dealing or trading in these instruments as their principal investment activity or use these instruments as part of their investment strategy. This may result in market or credit risk to the other investment company in excess of the amount invested in these instruments. However, the Fund's risk is limited to the net asset values of its investments in the other investment companies.

### NOTE 9 - Fair Value of Financial Instruments

In addition to the fair values of investments as disclosed in the schedule of investments, the fair values of the Fund's other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their carrying values due to the short term maturity of these financial instruments.

### NOTE 10 - Guarantees

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

# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11 - Financial Highlights

Financial highlights for the year ended December 31, 2005 are as follows:

	Class A	Class B
<u>Per Share Operating Performance:</u>	US \$	EURO €
Net asset value per share, beginning	\$ 7.941	€10.000
Net investment loss	(0.043)	(0.139)
Net realized and unrealized gain on investments	<u>1.074</u>	<u>1.787</u>
Net asset value per share, ending	<u>\$ 8.972</u>	<u>€11.648</u>
<u>Total Return</u>	13.40%	18.53%
<u>Ratio to Average Net Assets:</u>		
Total expenses	1.97%	5.27%
Net investment loss	(0.52)%	(3.75)%

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

Total return is computed using a time-weighted methodology whereby the returns for the individual accounting periods are geometrically linked. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 2005, in respect of Class A and for the period June 1, 2005 through December 31, 2005, in respect of Class B. The total expenses and net investment loss ratios for Class B have been annualized assuming consistent results of operations. The total return for Class B has not been annualized. Interest and dividend income from underlying funds in respect of Class B, if any, is included in the net realized and unrealized gain on investments in the accompanying statement of operations and is not included in the net investment loss.

### NOTE 12 - Financial Instruments

#### Credit and Liquidity Risk

The Fund is potentially subject to both credit and liquidity risk, principally with cash and cash equivalents and investments in securities. The Fund's credit risk is the replacement cost at the then estimated fair value of the instrument. As the Fund places its cash and cash equivalents with high credit quality financial institutions, management believes that the risk of incurring losses with these financial instruments is remote and that such losses, if any, would not be material.

# LOM EQUITY GROWTH FUND LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13 - Subsequent Events

Effective January 1, 2006, the Fund entered into an agreement with Dundee Leeds of Cayman to serve as the Fund's Administrator, Registrar and Transfer agent. The agreement calls for annual administrative fees of the higher of 0.05% per annum of the net asset value of the Fund or \$115,000 per annum, allocated to the Fund and the Fund's related party investment companies pro-rata based on the net asset value of each investment company in relation to the combined net asset value.