
Audited Consolidated Financial Statements

Firebird Aurora Fund, Ltd.

Year Ended December 31, 2017

With Report of Independent Auditors



FIREBIRD MANAGEMENT LLC

Firebird Aurora Fund, Ltd.

Audited Consolidated Financial Statements

Year Ended December 31, 2017

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Report of Independent Auditors

The Board of Directors
Firebird Avrora Fund, Ltd.

We have audited the accompanying consolidated financial statements of Firebird Avrora Fund, Ltd. (the Fund), which comprise the consolidated statement of assets and liabilities, including the consolidated condensed schedule of investments, as of December 31, 2017, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 auditing standards generally accepted in the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the consolidated financial position of Firebird Avrova Fund, Ltd. at December 31, 2017, and the consolidated results of its operations, changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young Ltd.

March 28, 2018

Firebird Aurora Fund, Ltd.

Consolidated Statement of Assets and Liabilities
(Stated in United States Dollars)

December 31, 2017

Assets

Cash and cash equivalents	\$ 345,164
Investments in securities, at fair value (cost \$108,331,997)	118,778,520
Investment in other investment funds, at fair value (cost \$0)	282,543
Loan receivable	5,611
Dividends receivable	257,533
Interest receivable and other assets	27,021
Total assets	119,696,392

Liabilities

Class B dividends payable	517,089
Class C redemptions payable	137,097
Class D redemptions payable	32,995
Due to brokers	91,154
Unrealized capital gains tax reserve	13,334
Realized capital gains tax reserve	3,334
Accounts payable and accrued expenses	162,020
Total liabilities	957,023
Net assets	\$ 118,739,369

Net asset value per share

Class A Master series (based on 2,189.48 shares outstanding)	\$ 1,381.86
Class A February 2006 series (based on 15.79 shares outstanding)	\$ 582.39
Class A March 2006 series (based on 0.63 shares outstanding)	\$ 555.95
Class A April 2006 series (based on 6.19 shares outstanding)	\$ 546.84
Class A May 2006 series (based on 5.69 shares outstanding)	\$ 499.80
Class A June 2006 series (based on 44.11 shares outstanding)	\$ 541.50
Class A July 2006 series (based on 21.34 shares outstanding)	\$ 547.31
Class A February 2008 series (based on 78.94 shares outstanding)	\$ 401.62
Class A March 2008 series (based on 118.42 shares outstanding)	\$ 377.18
Class A April 2008 series (based on 86.99 shares outstanding)	\$ 390.00
Class A May 2008 series (based on 0.79 shares outstanding)	\$ 384.07
Class A June 2008 series (based on 132.63 shares outstanding)	\$ 358.51
Class A July 2008 series (based on 48.28 shares outstanding)	\$ 370.45

Firebird Avrora Fund, Ltd.

Consolidated Statement of Assets and Liabilities (continued)
(Stated in United States Dollars)

Net asset value per share (continued)

Class A February 2009 series (based on 54.06 shares outstanding)	\$	1,318.35
Class A 2011 Master series (based on 0.57 shares outstanding)	\$	590.34
Class A November 2011 series (based on 28.14 shares outstanding)	\$	782.75
Class A December 2011 series (based on 285.55 shares outstanding)	\$	810.25
Class A February 2012 series (based on 224.74 shares outstanding)	\$	809.03
Class A 2014 Master series (based on 564.43 shares outstanding)	\$	810.39
Class A H 2014 series (based on 17.53 shares outstanding)	\$	902.57
Class A February 2014 series (based on 12.50 shares outstanding)	\$	844.09
Class A August 2014 series (based on 9.78 shares outstanding)	\$	1,009.19
Class A January 2015 series (based on 12.23 shares outstanding)	\$	1,312.28
Class A May 2017 series (based on 5.83 shares outstanding)	\$	934.29
Class A June 2017 series (based on 1,876.41 shares outstanding)	\$	924.62
Class B (based on 0.08 shares outstanding)	\$	652,523.90
Class C Master series (based on 951.31 shares outstanding)	\$	2,281.98
Class C February 2006 series (based on 65.00 shares outstanding)	\$	961.75
Class C May 2006 series (based on 75.00 shares outstanding)	\$	825.37
Class C July 2006 series (based on 100 shares outstanding)	\$	903.83
Class C T 2008 series (based on 7.86 shares outstanding)	\$	742.50
Class C June 2008 series (based on 100.00 shares outstanding)	\$	592.04
Class C December 2009 (based on 117.11 shares outstanding)	\$	1,263.80
Class C 2014 Master series (based on 306.53 shares outstanding)	\$	1,012.55
Class D Master series (based on 774.73 shares outstanding)	\$	2,331.19
Class D February 2006 series (based on 175.00 shares outstanding)	\$	982.49
Class D March 2006 series (based on 350.00 shares outstanding)	\$	937.89
Class D February 2008 series (based on 200.00 shares outstanding)	\$	677.53
Class D August 2008 series (based on 200.00 shares outstanding)	\$	724.91
Class D January (A) 2010 series (based on 106.89 shares outstanding)	\$	1,308.59
Class D January (B) 2010 series (based on 431.09 shares outstanding)	\$	1,308.59
Class D 2011 Master series (based on 379.96 shares outstanding)	\$	1,001.97
Class D February 2011 series (based on 300.00 shares outstanding)	\$	948.73
Class D March 2011 series (based on 600.00 shares outstanding)	\$	923.75
Class D April 2012 series (based on 250.00 shares outstanding)	\$	1,154.13
Class D 2014 Master series (based on 660.72 shares outstanding)	\$	1,021.64

Firebird Aurora Fund, Ltd.

Consolidated Statement of Assets and Liabilities (continued)
(Stated in United States Dollars)

Net asset value per share (continued)

Class D July 2015 series (based on 10,000.00 shares outstanding)	\$	1,306.08
Class D October 2015 series (based on 5,000.00 shares outstanding)	\$	1,372.62
Class D February 2016 series (based on 10,000.00 shares outstanding)	\$	1,517.17
Class D May 2016 series (based on 35.26 shares outstanding)	\$	1,322.22
Class D December 2016 series (based on 32.16 shares outstanding)	\$	1,236.04
Class D February 2017 series (based on 20.42 shares outstanding)	\$	1,145.71
Class D May 2017 series (based on 17.46 shares outstanding)	\$	1,096.30
Class D Aug 2017 series (based on 14.51 shares outstanding)	\$	1,028.87
Class D Oct 2017 series (based on 14.50 shares outstanding)	\$	1,027.46
Class D June 2017 series (based on 100.00 shares outstanding)	\$	1,069.60
Class M September 2012 (based on 2,833.29 shares outstanding)	\$	1,384.42
Class M October 2017 (based on 300.00 shares outstanding)	\$	1,036.19
Class M Jan 18 (based on 64,702.03 shares outstanding)	\$	1,000.00

See accompanying notes.

Firebird Aurora Fund, Ltd.

Consolidated Condensed Schedule of Investments (continued)
(Stated in United States Dollars)

Quantity	Fair Value	Percent of Net Assets
Investments in securities (continued)		
Equities (continued):		
Common stock (continued):		
Kazakhstan:		
Banking	\$ 4,088	0.00%
Cement	1,084,617	0.91
Metallurgy & Mining	11,148	0.01
Oil & Gas	1,280,409	1.08
Telecommunications	1,886,265	1.59
Total Kazakhstan (cost \$16,375,699)	4,266,527	3.59
Kyrgyzstan:		
Metallurgy & Mining	-	-
Miscellaneous	-	-
Utilities	38,071	0.03
Total Kyrgyzstan (cost \$127,995)	38,071	0.03
Lithuania:		
Banking	3,797,129	3.20
Retail	2,319,175	1.95
Total Lithuania (cost \$1,886,057)	6,116,304	5.15
Mongolia:		
Metallurgy & Mining (cost \$983,066)	756,256	0.64
Poland:		
Construction	1,130,614	0.95
Media & Entertainment	861,294	0.73
Total Poland (cost \$1,937,294)	1,991,908	1.68

Firebird Avrora Fund, Ltd.

Consolidated Condensed Schedule of Investments (continued)
(Stated in United States Dollars)

Quantity	Fair Value	Percent of Net Assets
Investments in securities (continued)		
Equities (continued):		
Common stock (continued):		
Romania:		
	\$ 1,486,178	1.25%
	2,013,377	1.70
13,628,925		
	7,468,961	6.29
	237,009	0.20
	225,425	0.19
	160,593	0.14
	416,539	0.35
	1,286,342	1.08
	3,246,967	2.73
	396,094	0.33
	179,571	0.15
	2,093,121	1.76
	19,210,177	16.17
Total Romania (cost \$13,623,921)		
Russia:		
	1,547,513	1.30
	1,893,707	1.59
604,197		
	7,338,154	6.18
	8,094,014	6.82
	15,432,168	13.00
	-	-
	1,754,879	1.48
	1,353,571	1.14
	5,221,961	4.40
	268,044	0.23
	7,302,357	6.15
	138,911	0.12
	1,862,886	1.57
	1,694,005	1.43

Firebird Aurora Fund, Ltd.

Consolidated Condensed Schedule of Investments (continued)
(Stated in United States Dollars)

Quantity	Fair Value	Percent of Net Assets
Investments in securities (continued)		
Equities (continued):		
Common stock (continued):		
Russia (continued):		
Technology	\$ 31,206	0.02%
Uranium	96,169	0.08
Total Russia (cost \$36,113,286)	38,597,377	32.51
Ukraine:		
Chemicals	3,122	0.00
Insurance	88,123	0.07
Total Ukraine (cost \$1,816,069)	91,245	0.07
Total common stock (cost \$102,415,536)	113,800,476	95.84
Depository receipts (includes ADRs and GDRs):		
Kazakhstan:		
Banking	2,758,002	2.32
Telecommunications	41	0.00
Total Kazakhstan (cost \$2,305,930)	2,758,043	2.32
Russia:		
Oil & Gas	243,128	0.21
Retail	181,584	0.15
Total Russia (cost \$399,730)	424,712	0.36
Ukraine:		
Agriculture (cost \$1,119,933)	1,276,086	1.08
Total depository receipts (cost \$3,825,593)	4,458,841	3.76

Firebird Aurora Fund, Ltd.

Consolidated Condensed Schedule of Investments (continued)
(Stated in United States Dollars)

Quantity	Fair Value	Percent of Net Assets
Investments in securities (continued)		
Preferred stock:		
Russia:		
Manufacturing	\$ 337,000	0.28%
Uranium	8,202	0.01
Total Russia (cost \$158,270)	<u>345,202</u>	<u>0.29</u>
Total preferred stock (cost \$158,270)	<u>345,202</u>	<u>0.29</u>
Restricted stock:		
Armenia:		
Gold (cost \$1,646,250)	39,163	0.03
Mongolia:		
Banking (cost \$270,000)	130,224	0.11
Total restricted stock (cost \$1,916,250)	<u>169,387</u>	<u>0.14</u>
Total equities (cost \$108,315,649)	<u>118,773,906</u>	<u>100.03</u>
Corporate bonds:		
Kazakhstan:		
Banking (cost \$16,348)	4,614	0.00
Total corporate bonds (cost \$16,348)	<u>4,614</u>	<u>0.00</u>
Total investments in securities (cost \$108,331,997)	<u>\$ 118,778,520</u>	<u>100.03%</u>
Investment in other investment funds		
Estonia:		
Miscellaneous	\$ 282,543	0.24
Total investment in other investment funds (cost \$0)	<u>\$ 282,543</u>	<u>0.24%</u>

See accompanying notes.

Firebird Avrora Fund, Ltd.

Consolidated Statement of Operations
(Stated in United States Dollars)

Year Ended December 31, 2017

Investment income

Dividend income (net of \$325,072 withholding taxes)	\$ 4,307,724
Interest income	1,330
Other income	48,808
Total investment income	<u>4,357,862</u>

Expenses

Professional fees and other expenses	987,738
Management fees	766,892
Custodian fees	249,898
Interest expense	23,565
Total expenses	<u>2,028,093</u>

Net investment income	2,329,769
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Net gain (loss) on investments and foreign currency transactions

Net change in unrealized capital gains tax reserve	(10,411)
Net change in realized capital gains tax reserve	(80)
Net realized loss on investments and foreign currency transactions	(12,703,912)
Net change in unrealized appreciation on investments and foreign currency transactions	<u>32,281,307</u>
Net income on investments and foreign currency transactions	<u>19,566,904</u>
Net increase in net assets resulting from operations	<u>\$ 21,896,673</u>

See accompanying notes.

Firebird Avrora Fund, Ltd.

Consolidated Statement of Changes in Net Assets
(Stated in United States Dollars)

Year Ended December 31, 2017

Increase in net assets resulting from operations	
Net investment income	\$ 2,329,769
Net change in unrealized capital gains tax reserve	(10,411)
Net change in realized capital gains tax reserve	(80)
Net realized loss on investments and foreign currency transactions	(12,703,912)
Net change in unrealized appreciation on investments and foreign currency transactions	<u>32,281,307</u>
Net increase in net assets resulting from operations	21,896,673
Decrease in net assets resulting from capital share transactions	
Class D shares subscribed	166,889
Class M shares subscribed	300,000
Class A shares redeemed	(2,300,000)
Class B shares dividend declared	(517,089)
Class C shares redeemed	(1,364,020)
Class D shares redeemed	(328,276)
Class M shares redeemed	(450,000)
Transfers from Class B shares	(64,685,178)
Transfers from Class C shares	(16,850)
Transfers to Class M shares	64,702,028
Performance allocation from Class A shareholders	(11)
Performance allocation to Class B shareholders	1,034,189
Performance allocation from Class C shareholders	(816)
Performance allocation from Class D shareholders	<u>(1,033,362)</u>
Net decrease in net assets resulting from capital share transactions	<u>(4,492,496)</u>
Net change in net assets	17,404,177
Net assets at beginning of year	<u>101,335,192</u>
Net assets at end of year	<u><u>\$ 118,739,369</u></u>

See accompanying notes.

Firebird Avrora Fund, Ltd.

Consolidated Statement of Cash Flows
(Stated in United States Dollars)

Year Ended December 31, 2017

Operating activities

Net increase in net assets resulting from operations	\$ 21,896,673
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Net realized loss on investments	12,653,900
Net change in unrealized appreciation on investments	(32,280,910)
Purchases of investments	(15,372,462)
Proceeds from sales of investments	17,122,390
Changes in operating assets and liabilities:	
Due from broker	17,872
Loan receivable	(1,736)
Dividends receivable	(136,485)
Interest receivable and other assets	(25,301)
Realized capital gains tax reserve	80
Unrealized capital gains tax reserve	10,411
Due to broker	91,154
Accounts payable and accrued expenses	(37,510)
Net cash provided by operating activities	<u>3,938,076</u>

Financing activities

Proceeds from issuance of Class D Shares	166,889
Proceeds from issuance of Class M Shares	300,000
Payments for redemptions of Class A Shares	(2,306,865)
Payments for redemptions of Class C Shares	(1,678,764)
Payments for redemptions of Class D Shares	(727,676)
Payments for redemptions of Class M Shares	(450,000)
Payment of dividends to Class B Shares	(758,468)
Net cash used in financing activities	<u>(5,454,884)</u>
Net change in cash and cash equivalents	(1,516,808)
Cash and cash equivalents at beginning of year	1,861,972
Cash and cash equivalents at end of year	<u>\$ 345,164</u>

Firebird Avrora Fund, Ltd.

Consolidated Statement of Cash Flows (continued)

(Stated in United States Dollars)

Non-cash activity

Transfers from Class C shares	(16,850)
Transfers from Class B shares	(64,685,178)
Transfers to Class M shares	64,702,028

See accompanying notes.

Firebird Avrora Fund, Ltd.

Notes to Consolidated Financial Statements

December 31, 2017

1. Organization

Firebird Avrora Fund, Ltd. (the “Fund”) was incorporated as an exempted company under the laws of the Cayman Islands on October 16, 2003, and registered under the Cayman Islands Mutual Fund Law on November 17, 2003. The Fund commenced operations on December 1, 2003. The purpose of the Fund is to invest primarily in publicly traded securities of companies operating in Russia, the other former Soviet republics, and certain Eastern European countries. The Class A, Class C, and Class D Shares of the Fund are listed on the Bermuda Stock Exchange.

The Fund has a continuing pool (Class B, C, D, and M shares) and a liquidating pool (Class A shares). The holdings of the Class A shares are being liquidated in an orderly manner with the proceeds paid out periodically to those investors (see Note 3 for summary of investments allocated between classes).

Leo Overseas Ltd. (“Leo”) is a wholly owned subsidiary of the Fund and was incorporated as a limited liability company under the Companies Law, Cap. 113, of Cyprus on October 3, 2003. Leo owns shares of companies operating in Russia and various Eastern European countries.

Elise Holdings S.à r.l. (“Elise”) is a wholly owned subsidiary of the Fund and was incorporated as a private limited liability company (Société à responsabilité limitée or S.à r.l.) under the laws of Luxembourg on June 20, 2012. Elise owned shares of a company operating in Mongolia.

The Fund’s investment manager is Firebird Avrora Advisors LLC, a New York limited liability company (the “Manager”). The principals of the Manager are also directors of the Fund. The Manager is a registered investment advisor with the United States Securities and Exchange Commission as a “relying adviser” for which the “filing adviser” is Firebird Management LLC.

Trident Trust Company (Cayman) Limited (“Trident”) served as the Fund’s administrator until June 30, 2017. The Fund entered into a new fund administration agreement with HedgeServ (Cayman) Ltd. (the “Administrator”) effective July 1, 2017. Trident maintained the registered office for the Fund until June 30, 2017. Effective July 1, 2017, The Harbour Trust Co. Ltd. maintains the registered office for the Fund. Seaward Management Limited provides administration and management services to Leo and maintains its registered and regional office. Trident Trust Company (Luxembourg) S.A. provides administration services to Elise while Dechert Luxembourg maintains its registered office.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies

The consolidated financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) as detailed in the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) and are stated in United States Dollars. The Fund meets the definition of an investment company and follows the accounting and reporting guidance in ASC Topic 946, *Financial Services – Investment Companies*. The following is a summary of the significant accounting and reporting policies used in preparing the consolidated financial statements.

Basis of Consolidation

The consolidated financial statements include the results of the Fund and its subsidiaries, Leo and Elise, after the elimination of all intercompany balances and transactions.

Cash and Cash Equivalents

Cash and cash equivalents include amounts due from banks on demand and deposits with original maturities of three months or less. Substantially all of the cash and cash equivalents are held at Swedbank AS. Substantially all cash and cash equivalents are held at banks organized in Bulgaria, Estonia, Georgia, Kazakhstan, Mongolia and the United States. The Fund does not expect any material losses as a result of this allocation.

Security Transactions and Related Investment Income and Expenses

Security transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are determined using the specific identification method and are recorded in the consolidated statement of operations. Interest is recorded on the accrual basis and dividends are recorded net of withholding taxes on the ex-dividend date in the consolidated statement of operations.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Foreign Exchange Transactions

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the consolidated financial statements. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains or losses are included in the consolidated statement of operations. As of December 31, 2017, the Fund and its subsidiaries held \$118,342 (cost \$117,945) of cash in foreign currencies.

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and change in unrealized gains and losses on investments and foreign currency transactions.

Fair Value of Financial Instruments

The fair value of the Fund's assets and liabilities which qualify as financial instruments under ASC Topic 825, *Financial Instruments*, approximates the carrying amounts presented in the consolidated financial statements.

In accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that the Fund would receive to sell an investment or pay to transfer a liability under an orderly liquidation in a timely transaction with an independent buyer in the principal market or, in the absence of a principal market, the most advantageous market for the investment or liability.

ASC Topic 820 establishes a three-tier hierarchy to distinguish between inputs obtained from sources independent of the reporting entity that affect assumptions that market participants would use in pricing an asset or liability (observable inputs) and inputs that reflect the reporting entity's own assumptions that it thinks market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The inputs are summarized in the three broad levels listed below:

Level 1 – valuations based on quoted prices in active markets for identical assets or liabilities that the Fund has the ability to assess and in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 securities. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 – valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – valuations based on inputs that are unobservable and significant to the overall fair value measurement. These inputs may include the Manager's own assumptions in determining the fair value of investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Investments may move between different levels during the course of the year and are caused by certain information becoming available to the Manager. The Fund recognizes transfers between levels as occurring at the beginning of the reporting period. Information relating to transfers into and out of Level 3 can be found in Note 3.

In general, portfolio securities that are traded in an active market (in most cases a market where there has been at least one transaction in the last 15 business days and had at least 12 trading days in the recent month at sufficient volumes with reasonably consistent price levels taking into account the volatility of the market in question) are classified as Level 1. These securities are valued at their last reported sales price on the valuation date in the case of securities listed or quoted on a recognized securities exchange, the U.S. NASDAQ National Market List or any comparable foreign quotation system for securities that generally trade daily, or if no prices were quoted on such date, at the last reported sales price on the last prior date when a price was quoted for such securities.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

If no such prices have been quoted in an active market, the investment is valued in good faith by the Manager, in consultation with the Administrator, and approved by the Board of Directors, according to the steps outlined in ASC Topic 820. For these Level 2 or Level 3 securities, the Manager may consult with and rely upon information provided by the Fund's custodians, market makers, brokers, and outside valuation services.

Level 2 securities will normally be priced using other observable information including identical or similar securities traded on other exchanges and quotations received from the counterparty, dealers, or brokers, whenever available and considered reliable. The Fund holds certain securities which are restricted under Rule 144A. Restricted securities are generally fair valued at a discount to similar publicly traded securities.

The Fund's Investment in other investment funds meets the definition of an investment company for which its net asset value or partners' capital has been measured in accordance with, or in a manner consistent with, the principles of ASC Topic 946, *Financial Services – Investment Companies*, are valued using the reported net asset value as a practical expedient.

The Fund's investment in other investment funds is generally valued at the reported values, provided by the administrator or management of the investment fund, after discounts for any applicable redemption charges and any lock up periods, which valuations are prepared in accordance with such investment fund's governing documents. The Manager considers this a reliable representation of fair value if the investment fund is accepting subscriptions and processing redemptions based on this reported value. However, in certain circumstances, the Manager will estimate the value of such investment based on available relevant information as it considers material.

The strategy of the investment fund in which the Fund has a position is to invest in the Baltic region. The investment fund is a private equity fund and distributions are received as assets are liquidated.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

For Level 3 securities, the Manager will value the equity securities using either a “market approach,” an “income approach,” or both approaches, as appropriate. The “market approach” uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The “income approach” uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted).

In following these approaches, the types of factors that may be taken into account include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, the nature and realizable value of any collateral, the issuer of the security’s ability to make payments, the issuer’s earnings, discounted cash flows and net asset value analysis, the markets in which the issuer does business, comparisons of financial ratios of peer public companies, recent merger and acquisition transactions for comparable public or private companies, actual and imminent capital transactions in the subject investee company and the principal market for the relevant security, among other factors.

The Manager and analysts monitor and review the valuation methodologies on a monthly basis. They use the latest available information to update the valuations each month. A Valuation Committee oversees the process and procedures for the valuation of the Level 3 investments in accordance with the valuation policy approved by the Board of Directors. The Valuation Committee meets on a quarterly basis or more frequently as required. It is comprised of staff of the Manager and three Directors, who are also principals of the Manager.

Because of the inherent uncertainty of valuation of securities and other investment funds traded in emerging market economies (see Note 11), the estimated fair values may differ significantly from values that will eventually be realized upon an actual liquidation of the portfolio, and such differences could be material.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Classification

The industry and geographic classifications reflected in the consolidated condensed schedule of investments represent the Manager's belief as to the most meaningful presentation of the classification of the principal business of the holdings in the portfolio.

Loans Receivable

Loans receivable disclosed in the consolidated statement of assets and liabilities are recorded at their carrying value less any impairment write-down as of December 31, 2017.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Financial Instruments

The following is a summary of the inputs used as of December 31, 2017, in valuing the Fund's investments carried at fair value, disaggregated by geographic region:

	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Fair Value December 31, 2017
Investments in securities:				
Equities:				
Baltics:				
Estonia	\$ 2,342,773	\$ 14,749,818	\$ 156,995	\$ 17,249,586
Lithuania	3,797,129	2,319,175	-	6,116,304
Total Baltics	6,139,902	17,068,993	156,995	23,365,890
Central Asia:				
Kazakhstan	-	7,024,510	60	7,024,570
Kyrgyzstan	-	-	38,071	38,071
Total Central Asia	-	7,024,510	38,131	7,062,641
Eastern Asia:				
Mongolia	756,256	-	130,224	886,480
Eastern Europe:				
Armenia	-	46,363	-	46,363
Bulgaria	3,751,784	2,932,919	419,801	7,104,504
Georgia	12,780,238	2,471,764	3,119,319	18,371,321
Poland	1,991,908	-	-	1,991,908
Romania	9,737,833	9,292,773	179,571	19,210,177
Russia	18,088,069	8,249,465	13,029,757	39,367,291
Ukraine	-	1,276,086	91,245	1,367,331
Total Eastern Europe	46,349,832	24,269,370	16,839,693	87,458,895
Total investment in equities	\$ 53,245,990	\$ 48,362,873	\$ 17,165,043	\$ 118,773,906

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Financial Instruments (continued)

	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Fair Value December 31, 2017
Investments in securities (continued):				
Corporate Bonds:				
Central Asia:				
Kazakhstan	\$ -	\$ 4,614	\$ -	\$ 4,614
Total investment in corporate bonds	\$ -	\$ 4,614	\$ -	\$ 4,614
Total investment in securities	\$ 53,245,990	\$ 48,367,487	\$ 17,165,043	\$ 118,778,520
Investments allocated to Class A and M interests	\$ 235,105	\$ 227,950	\$ 5,271,290	\$ 5,734,345
Investments allocated to Class B, C, D, and M interests	53,010,885	48,139,537	11,893,753	113,044,175
Total	\$ 53,245,990	\$ 48,367,487	\$ 17,165,043	\$ 118,778,520
Investments in other investment funds:				
Baltics:				
Estonia	\$ -	\$ -	\$ 282,543	\$ 282,543
Total investment in other investment funds	\$ -	\$ -	\$ 282,543	\$ 282,543
Investments allocated to Class B, C, D, and M interests	\$ -	\$ -	\$ 282,543	\$ 282,543

Firebird Avroa Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Financial Instruments (continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Equities				
	Baltics	Central Asia	Eastern Asia	Eastern Europe	Total
Balance as at December 31, 2016	\$ 159,434	\$ 75,266	\$ 247,553	\$ 23,080,238	\$ 23,562,491
Net realized gain/(loss)	-	-	(1,183,574)	2,747,797	1,564,223
Net change in unrealized appreciation (depreciation)	6,764	(37,135)	1,207,037	(4,564,855)	(3,388,189)
Purchases	-	-	-	1,664,269	1,664,269
Sales	(9,203)	-	(140,792)	(6,087,756)	(6,237,751)
Balance as at December 31, 2017	<u>\$ 156,995</u>	<u>\$ 38,131</u>	<u>\$ 130,224</u>	<u>\$ 16,839,693</u>	<u>\$ 17,165,043</u>
Net change in unrealized appreciation (depreciation) on investments still held as of December 31, 2017	<u>\$ 6,764</u>	<u>\$ (37,135)</u>	<u>\$ 3,120</u>	<u>\$ (2,149,773)</u>	<u>\$ (2,177,024)</u>

	Other Investment Funds Baltics
Balance as at December 31, 2016	\$ 246,135
Realized gain	-
Net change in unrealized appreciation	36,408
Sales	-
Balance as at December 31, 2017	<u>\$ 282,543</u>
Net change in unrealized appreciation on investments still held as of December 31, 2017	<u>\$ 36,408</u>

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Financial Instruments (continued)

A quantitative disclosure of the unobservable inputs and assumptions for Level 3 securities has been provided in the table below.

Asset Class	Geographic Region	Fair Value as at December 31, 2017	Valuation Techniques	Unobservable Inputs	Ranges (Weighted Averages)
Equities	Eastern Europe	\$ 16,839,693	Market comparable companies	Price/Book Value Ratio Price/Earnings Ratio Price/Gross Written Premium Ratio Enterprise Value/EBITDA Ratio Price/EBITDA Ratio Enterprise Value/Sales Ratio Enterprise Value/Production Ratio Discount	0.1-1.5 (0.6) 5.5-15.3 (5.7) 0.3 3.7-21.2 (15.6) 0.7 0.6-3.7 (2.7) 169.2 10-30%
	Eastern Asia	130,224	Last round of financing		
	Baltics	156,995	Market comparable companies	Price/Book Value Ratio Enterprise Value/EBITDA Ratio Enterprise Value/Sales Ratio Discount	0.5 7.7 0.3 30%
	Central Asia	38,131	Bank quote		
Other investment funds	Baltics	\$ 282,543	Market comparable companies	Lock up discount	10%

4. Due from/to Brokers and Concentration of Credit Risk

Due from/to brokers generally includes amounts receivable or payable for securities transactions that have not been settled at the date of the consolidated financial statements and cash held at brokers for settled trades. The majority of publicly traded investments are held with Swedbank AS. The Fund periodically monitors the credit standing of the brokers and does not expect any material losses as a result of default by brokers.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

5. Share Capital

The authorized share capital of the Fund is \$50,000 divided into 4,900,000 Class A, C, D, and M non-voting shares and 100,000 Class B voting shares each having a par value of \$0.01 per share. Outstanding Class A, C, D, M, and Class B shares will participate in the assets of the Fund upon liquidation ratably in proportion to their respective redemption values. Each Class B shareholder is entitled to one vote for each share held on any matter presented to a meeting of shareholders. Firebird Aurora Holdings LLC, an affiliate of the Manager, is the Class B shareholder.

Class A shares are redeemed and converted and Class C and D shares are issued, redeemed and converted in accordance with the Memorandum and Articles of Association.

New series of Class C and Class D shares will be issued to all subscribing investors at the offering price of US\$1,000 per share in order to permit the Performance Allocation to be calculated separately with respect to each share of each series. Accordingly, each series may have a different net asset value per share for each share class.

Class M shares are only offered to employees of the Manager, its affiliates and related persons, and are subject to the same rights, terms and conditions as the Class C shares except that Class M shares will not be subject to any Management Fee or Performance Fee Allocation. In 2017, the Investment Manager transferred 99% of its class B shares (\$64,685,178) into Class M shares. This was done to separate the performance allocations earned in the years before 2018, and the capital growth thereon, from the Class B shares, with the Class B shares to receive any future performance allocations, as the latter are subject to different taxation under the new U.S. law.

Share transactions for the year ended December 31, 2017, were as follows:

	Class A	Class B	Class C	Class D	Class M
Shares outstanding at December 31, 2016	7,161.87	100.00	2,362.16	29,826.28	3,191.36
Shares issued	-	-	-	166.89	300.00
Shares redeemed	(2,028.50)	(0.79)	(616.66)	(330.47)	(358.07)
Shares transferred	707.68	(99.13)	(22.69)	-	64,702.03
Shares outstanding at December 31, 2017	5,841.05	0.08	1,722.81	29,662.70	67,835.32

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

6. Management Fees

Pursuant to the Memorandum and Articles of Association and the Management Agreement with effect from April 30, 2009, the Fund pays the Manager a management fee at an annual rate of 1.75% of the Class A and Class C net asset value calculated and payable quarterly in advance based on the Class A and Class C share of the Fund's net asset value (before accrual for performance allocation) as of the last business day of the preceding quarter. The management fee relating to the Class D shares is calculated and payable under the same terms at an annual rate of 1.50%. For the year ended December 31, 2017, the Fund recorded \$766,892, and paid \$766,127 in management fees.

Management fees are not charged to the Class B and M shareholders. The Manager may, in its discretion, waive all or a portion of the management fee with respect to any shareholder.

7. Performance Allocation

Pursuant to the Memorandum and Articles of Association and the Investment Advisory Management Agreement, Class B Shares receive a performance allocation annually equal in the aggregate to 15% of the net increase each year in the net asset value of each outstanding Class A and Class D share plus 17.5% of the net increase each year in the net asset value of each outstanding Class C share. This calculation is inclusive of net unrealized gains and losses and is subject to a loss carry forward.

The Manager may waive all or part of the Performance Allocation for certain investors. The performance allocations are recorded on the final day of the calendar year in which the fees are charged to investors and in the month following crystallization of performance fees due to a redemption. The performance allocation to Class B shares for the year ended December 31, 2017, was \$1,034,189. The performance allocation can be withdrawn at any time by the holder of the Class B shares by way of dividend or redemption.

For the year ended December 31, 2017, the Fund declared \$517,089 of dividends to Class B shareholders, of which \$ nil was paid during the year.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

8. Taxation

There is currently no taxation imposed on income or profits of the Fund by the Government of the Cayman Islands. If any form of taxation were to be enacted, the Fund has been granted an exemption therefrom until October 28, 2023.

The Fund is not subject to United States Federal, state or local taxation. The Fund reports tax information to its U.S. resident shareholders on the accrual basis. The Fund has elected to be treated as a partnership for U.S. Federal income tax purposes.

ASC Topic 740, *Income Taxes*, provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. The Fund has adopted ASC Topic 740 and its impact is reflected in these consolidated financial statements.

The Fund recognizes interest and penalties, if any, as capital gains tax expense in the consolidated statement of operations. During the year, the Fund did not accrue any interest or penalties.

Tax accruals are calculated in local currencies. The effective rate to the Fund can exceed or be less than the applicable rates if the local currency has appreciated or depreciated against the US Dollar during the period of investment.

Tax legislation in all of the jurisdictions in which the Fund invests is subject to varying interpretations and changes, which can occur unexpectedly. The Manager's interpretation of such legislation as applied to transactions and activities of the Fund and its subsidiaries since inception may be challenged by the relevant regional and federal authorities. It is not practical to determine the amount of unasserted claims that may manifest themselves, if any, or the likelihood of any unfavorable outcome thereof.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

9. Derivative Financial Instruments

In the normal course of business, the Fund may enter into transactions involving derivative financial instruments in connection with its investing activities. These instruments are subject to various risks similar to non-derivative instruments, including market, credit, liquidity, and operational risks. The Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies. The Fund does not distinguish derivative profit or loss from any other category of investments for consolidated statement of operations presentation purposes. No derivative positions were held during the year.

10. Related Party Transactions

In accordance with ASC Topic 850, *Related Party Disclosures*, related parties include principal ownership (defined to include investments where the Fund combined with funds under common control hold interests greater than 10%), associated companies (defined as investments where the Fund combined with funds under common control hold interests less than 10% and have members on the Board of Directors), and Affiliates. Affiliates are defined as other investment funds managed by the Manager and related parties of the Manager.

Outstanding balances at year-end and transactions with these entities during the year ended December 31, 2017, were as follows:

	Principal Ownership	Associated Companies	Affiliates
Loan receivable	\$ 5,611	\$ -	\$ -
Interest receivable	1,038	-	-
Other payables	-	-	21,869
Purchases of investments	1,582,879	-	2,291,238
Sales of investments	1,544,763	-	1,493,020
Realized loss	(1,184,344)	-	(4,256,182)

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

10. Related Party Transactions (continued)

Included in related parties are the following entities in which the Fund and Affiliates have a greater than 20% aggregate interest in the entity and/or a Director(s) seat is held.

Name of Company	2017 Ownership by the Fund and 2017 Investments		Industry
	Affiliates	Held by the Fund	
Amber Trust	2.34%	\$ 282,543	Miscellaneous
Arco Vara AS	10.65	338,998	Real Estate
Global Gold Corporation	48.27	46,364	Gold
National Investment Bank of Mongolia	5.70	130,224	Banking
PR Foods	56.97	466,076	Food
SDM Bank	8.50	7,338,154	Banking
Tallink Grupp AS	5.45	6,647,084	Transportation
Teliani Valley JSC	23.37	3,119,319	Consumer Products

All investments in the above companies are carried at fair value, as discussed in Note 2.

The Fund provided an unsecured loan of \$22,004 to Mogul Coal Holdings Pte. Ltd., a company incorporated under the laws of Singapore and a fully owned subsidiary of Firebird Mongolia Fund (Cayman) Ltd., an affiliate of the Fund, which is repayable on or before December 31, 2018. The carrying value of this loan was written down to \$5,611 to reflect recent offers for Mogul Coal Holdings in which the loan was included as part of the deal price.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

11. Investment Risks

The Fund's investments are based principally in the emerging economies of Russia, the other former Soviet Republics and certain Eastern European countries (the "Target Region"). Therefore, they are subject to the risks inherent in those economies including, but not limited to:

- **Political Risk** Changes in government policy of countries in the Target Region (such as nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, social instability or diplomatic developments) could adversely affect the economies of the countries in the Target Region. In addition, any change in the leadership or policies of any countries in the Target Region may halt the expansion, or reverse the liberalization, of foreign investment policies now occurring and may adversely affect existing and potential investment opportunities for the Fund;
- **Legal Risk** Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in countries in the Target Region are new and largely untested and not fully developed. As a result, the Fund may be subject to a number of unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that difficulties in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. Laws and regulations of countries in the Target Region could change quickly and unpredictably and may impose restrictions or approvals that do not exist in countries with more developed market economies;
- **Market Risk** Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods where stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods;

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

11. Investment Risks (continued)

- **Exchange and Currency Risk** At present, some of the currencies of countries in the Target Region are not freely and fully convertible into other currencies or traded internationally. Currency exchange values are also subject to direct and indirect government controls. Such internal exchange markets can therefore be said to be neither liquid nor competitive. Historically, many currencies in the Target Region have experienced sharp devaluations relative to the U.S. dollar and other Western currencies. The value of investments in the Fund will be affected by fluctuations in the value of local currencies against the U.S. dollar or by changes in local exchange control regulations, tax laws, withholding taxes, and economic or monetary policies. Additionally, since several of the countries in the Target Region are either Eurozone members or have local currencies pegged to the Euro, fluctuations in the Euro's value against the U.S. dollar will affect the Fund. Adverse fluctuations in currency exchange rates can result in a decrease in net return and in a loss of capital. Accordingly, investors must recognize that the value of Class A, C, D, M and Class B Shares can fall as well as rise for this reason;
- **Investments through Subsidiaries** The Fund may make investments in portfolio companies through wholly-owned or jointly-owned subsidiaries under certain circumstances, for example to minimize exposure to certain taxes, to facilitate future sales of portfolio companies, or to facilitate an initial offering of stock of the holding company on an international stock exchange. These subsidiaries may have different depositaries, administrators and/or auditors than the Fund, or may have no such depositary, administrator or auditors. Therefore, the use of these subsidiaries may subject the Fund to additional risks that would not have been incurred if investments were made directly;
- **Illiquidity of Investments** Securities held by the Fund may be subject to greater price volatility than is usually the case with stocks in more developed markets, in some cases to a substantial degree. A limited number of issuers often represent a disproportionately large percentage of market capitalization and trading value in markets in the Target Region. Also, the Fund may invest in securities that are acquired from companies in offerings that are not registered under U.S. or other securities laws. Such securities may be illiquid, may not be actively and widely traded, may only be traded by a limited number of institutional investors, or may not be traded at all. Registered securities may also be "deregistered" after they are acquired by the Fund;

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

11. Investment Risks (continued)

- **Settlement Risk** The clearing, settlement and registration systems through which transactions are executed and settled in certain countries in the Target Region are significantly less developed than those in more mature world markets. This can result in significant delays and other material difficulties in settling trades and in registering transfers of securities;
- **Quality of Information** Investors in the Target Region often have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalization and financial obligations, earnings and securities of specific enterprises. The quality and reliability of information available to the Fund will, therefore, be less than in respect of investments in Western countries;
- **Taxation in Target Region** Investments by the Fund in the Target Region will have differing tax consequences. Not all jurisdictions in the Target Region have tax treaties providing relief from capital gains or other taxes. Consequently, the Fund may be subject to substantial taxation in certain jurisdictions. In order to minimize the tax consequences of investments, the Fund may invest through the Subsidiary or create investment vehicles in other jurisdictions or make investments directly. Tax laws and administration in certain countries in the Target Region, however, are fluid and often capricious, and there can be no assurance that the Fund will be able to anticipate all taxes or will be able to create a structure to minimize taxes in any particular jurisdiction;
- **Accounting Practices** Accounting standards in many nations in the Target Region frequently do not correspond to international accounting standards or generally accepted accounting practices in all material respects. In addition, auditing requirements and standards may differ from those generally accepted in the international capital markets and, consequently, information available to investors in developed capital markets is not always obtainable in respect of companies in the Target Region;

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

11. Investment Risks (continued)

- **Criminality** Organized crime and corruption, including extortion and fraud, remain common in many countries in the Target Region. Threats or incidents of crime may cause or force the Fund to cease or alter certain activities or liquidate certain investments, which may cause losses or otherwise have a material adverse effect on the Fund.

The above risks are not unique in the context of emerging markets investing.

The Fund could be affected, for the foreseeable future, by these risks and their consequences, and the effects could be significant. The accompanying consolidated financial statements do not include any adjustments that may result from the future clarification of these uncertainties. Such adjustments, if any, will be reported in the Fund's consolidated financial statements in the period when they become known and estimable.

12. Commitments

In December 2016, the Fund, together with Firebird Republics Fund, Ltd. ("Republics") an affiliate of the Fund (collectively the "Funds"), entered into an indemnity and guarantee agreement (the "Indemnity Agreement") with JSC BGEO Group ("BGEO"), a joint stock company in which the Funds own shares. The Indemnity Agreement was in connection with a EUR 18.5 million loan extended by European Bank for Reconstruction and Development ("EBRD") and DEG – Deutsche Investitions – Und Entwicklungsgesellschaft MBH ("DEG") (collectively the "Lenders") to Global Beer Georgia, LLC (the "Company"), a wholly owned subsidiary of Teliani Valley. BGEO has issued a project completion guarantee to the Lenders for the full amount of the loan. Under the Indemnity Agreement, the Funds have agreed to reimburse BGEO for up to 15.16% and 11.63%, being the Fund's and Republics' respective ownership of the Company through Teliani Valley, of any payments BGEO may make to the Lenders pursuant to the project completion guarantee. Firebird Fund, L.P. (an affiliate of the Funds) became an investor in Teliani Valley in 2017 and at that time agreed to reimburse the Funds its pro rata share of any payments made in relation to the completion guarantee. The loan was used to finance the construction of a brewery by the Company. The entry into the Indemnity Agreement was for the commercial benefit of the Funds.

13. Indemnifications

The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

14. Financial Highlights

Financial highlights for the year ended December 31, 2017, were as follows:

	Class A	Class C	Class D
Total return before performance allocation	(9.17)%	23.03 %	23.33 %
Performance allocation	(0.00)%	(0.02)%	(2.69)%
Total return after performance allocation	(9.17)%	23.01 %	20.64 %
<hr/>			
Ratios to average share holders capital			
Total expenses before performance allocation	(4.39)%	(2.72)%	(2.48)%
Performance allocation	(0.00)%	(0.02)%	(2.69)%
Total expenses fter performance allocation	(4.39)%	(2.74)%	(5.17)%
<hr/>			
Net investment income	1.08 %	1.19 %	1.29 %

Shares are issued within classes to each investor by series. These series are permanent and will remain out-standing until the investor fully redeems. As a result, the Fund presents financial highlights consistent with those presented for a partnership, which are ratios to average net assets and total return, but not per share data.

Firebird Aurora Fund, Ltd.

Notes to Consolidated Financial Statements (continued)

15. Credit Facilities

As of December 31, 2017, the Fund had a credit agreement (“Credit Facility”) with Swedbank AS, pursuant to which the Fund has granted security over its assets held at Swedbank AS in order to have access to funds on a short-term basis to fulfill redemption requests in limited circumstances, as determined by the Manager. Pursuant to the terms of the Credit Facility, the Fund can borrow up to approximately \$6,200,350. This line of credit is at market rates and as at December 31, 2017, there were no outstanding amounts due.

16. Subsequent Events

Management has evaluated events subsequent to year-end and through March 28, 2018, the date the consolidated financial statements were available to issue. During this period, the Fund recorded \$1,007,194 Class D subscriptions.