

PRUSIK ASIA FUND PLC

(An open-ended investment company with variable capital incorporated with limited liability and established as a UCITS under the law of Ireland)

**Annual Report and Audited Financial Statements
For the Year Ended 31 December, 2013**

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GENERAL INFORMATION

Prusik Asia Fund plc (the “Company”) is a public limited liability investment company with variable capital, incorporated on 7 September 2005 in Ireland pursuant to the Companies Acts, 1963 to 2013 and authorised by the Central Bank of Ireland (the “Central Bank”), as an investment company pursuant to the European Union (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “UCITS Regulations”).

Except where the context otherwise requires, defined terms shall bear the meaning given to them in the Prospectus of the Company.

The Company, with the prior approval of the Central Bank, may create additional Share Classes as the Directors may deem appropriate.

The Company commenced trading on 7 October 2005. There are nine share classes available to investors in the Company:

- Class A Dollar Non-Distributing Class (first issued on 7 October 2005)
- Class B Dollar Distributing Class (first issued on 7 October 2005)
- Class C Sterling Distributing Class (first issued on 14 July 2006)
- Class D Singapore Dollar Distributing Class (first issued on 22 December 2009)
- Class N Dollar Non-Distributing Class (first issued on 20 September 2010)
- Class O Dollar Distributing Class (first issued on 20 September 2010)
- Class P Sterling Distributing Class (first issued on 20 September 2010)
- Class E Singapore Dollar Distributing Class (first issued on 21 September 2011)
- Class U Sterling (Unhedged) Distributing Class (first issued on 1 July 2013)

Brown Brothers Harriman Fund Administration Services (Ireland), Limited (the “Administrator”) determines the Net Asset Value (“NAV”) per Share of each Class of the Company daily (“Dealing Day”). The valuation point is 11.00 am (Irish time) on each Dealing Day.

The most recent Prospectus of the Company is dated 11 January 2011.

Investment Objective

The investment objective of the Company is to engineer capital growth primarily by investing in companies operating in the Asian region.

In pursuit of its investment objective the Company invests in companies operating in Asia including Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore and the Philippines and generally seeks to invest, on average, in companies which have a price to book value ratio and price/earnings ratio below the level then prevailing in the market of that sector. The Company pursues its investment objective primarily by taking long positions in publicly traded common stocks and other equity securities of Asian issuers.

The Company has the ability to hold up to 100% of the NAV in cash for any period of time Prusik Investment Management LLP (the “Investment Manager”) deems this prudent. The Company limits its investment in other collective investment schemes to a maximum of 10% of its NAV.

The Company may invest in American depository receipts and global depository receipts and other equity related securities and instruments, which may be over-the-counter or listed, including convertible bonds, depository receipts and warrants as well as other securities such as bonds and preference shares issued by corporate and governmental issuers (and which may be fixed or floating, and of both investment grade (rated BB- or higher by Standard & Poor’s/ Moody’s) or non-investment grade.

The Company may invest in both short and long term Asian and foreign debt securities (such as fixed and/or floating rate bonds and notes) of corporate issuers and government entities. The debt and other fixed income securities in which the Company may invest will principally be of investment grade.

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

The Company may, however, invest on a very limited basis in debt and fixed income securities which are not required to satisfy any minimum rating standard. Such securities may include instruments that are considered to be of poor standing and which have predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

The Company may utilise techniques for efficient portfolio management and/or to protect against exchange risks, subject to the conditions and within the limits laid down by the Central Bank. These techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stock lending and repurchase and reverse repurchase agreements.

The Company may also invest in currency forwards such as non-deliverable forwards (“NDF”) in order to manage currency exposure.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, the Company’s assets may be invested in money market instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Markets and in cash deposits.

The annual report and audited financial statements, and unaudited half-yearly financial statements are available to the public at the registered office of the Company and are sent to shareholders.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements for Prusik Asia Fund plc (the "Company") for the year ended 31 December 2013.

Directors' Responsibility Statement

Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland, and comply with the Irish Companies Acts, 1963 to 2013 (the "Companies Acts") and the UCITS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under the UCITS Regulations, the Directors are required to entrust the assets of the Company to the Custodian for safe-keeping. In carrying out this duty, the Company has delegated custody of the Company's assets to Brown Brothers Harriman Trustee Services (Ireland) Limited (the "Custodian").

Books of Accounts

To ensure that proper books of account are maintained in accordance with Section 202 of the Companies Acts 1990, the Directors of the Company have employed Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator"). The Company's books of account are maintained at the offices of the Administrator, whose address is Styne House, Upper Hatch Street, Dublin 2, Ireland.

Directors

The names of the persons who were Directors at any time during the year to 31 December 2013 are set out below.

Heather Manners
David Hammond
Richard Hayes
Anthony Morris (Alternate Director)

Directors' and Secretary's Interests

The following Directors and their Family members held Shares in the Company as at 31 December 2013:

Heather Manners	8,319	Class E Singapore Dollar Distributing Class
Anthony Morris	1,000	Class E Singapore Dollar Distributing Class
Richard Hayes	1,262	Class C Sterling Distributing Class
David Hammond (Family members)	835	Class A Dollar Non-Distributing Class

Other than those disclosed above, none of the Directors, the Secretary, nor their families hold or held any beneficial interests in the Company at 31 December 2013 or during the year.

DIRECTORS' REPORT (CONTINUED)

Results, Activities and Future Developments

A review of the principal activities is included in the Investment Manager's Report.

Details of the state of affairs of the Company and results for the year ended 31 December 2013 are set out on pages 16 to 18. The Net Assets Attributable to Holders of Redeemable Participating Shares (for financial statement purposes) as at 31 December 2013 was US Dollar ("USD") 68,841,023 (USD 74,243,344: 31 December 2012).

The Company will continue to pursue its objectives as set out in detail in the Prospectus.

Dividend and Distributions

The Directors have discretion from time to time to declare such distributions as may appear to them to be justified out of the net income accruing to the Fund in respect of each class of Shares of the Fund. The Fund has been granted reporting fund status by Her Majesty's Revenue and Customs ("HMRC"). There were no distributions paid during the year ended 31 December 2013 (USD Nil: 31 December 2012).

Risk Management

The risks as defined by Financial Reporting Standard FRS 29 "Financial Instruments: Disclosures" ("FRS 29"), arising from the Company's financial instruments are market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. Details of these risks and how they are monitored, and where possible, managed by the Company, are set out in Note 14 "Financial Risk Management" on pages 32 to 38.

Independent Auditors

The independent auditors, Ernst & Young Chartered Accountants, have indicated their willingness to continue in office in accordance with section 160(2) of the Companies Act, 1963.

Events during the Year

A fourth addendum to the Prospectus was noted on 28 June 2013 and a revised fourth addendum was noted on 12 July 2013 by the Central Bank to incorporate the following:

- a) The launch of the Class U Sterling (Unhedged) Distributing Share Class, and;
- b) The Fund increased the frequency of dealing for investors in the Company from weekly to daily.

Events since the Year End

A new Prospectus was noted by the Central Bank on 17 February 2014 to incorporate changes to administration and custody fees.

Corporate Governance Statement

The Company is subject to and complies with Irish statute comprising the Companies Acts, 1963 to 2013, the UCITS Regulations as applicable to investment funds. The Board of Directors (the "Board") voluntarily adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by the Irish Funds Industry Association (the "IFIA Code") which came into effect on 1 January 2012. The Board has assessed the measures included in the IFIA Code as being consistent with its corporate governance practices and procedures for the financial year. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process - Description of Main Features

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Financial Reporting Process - Description of Main Features (continued)

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator"), to maintain the books and records. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. The Administrator is also contractually obliged to prepare, for review and approval by the Board, the annual report, including financial statements intended to give a true and fair view and the half yearly financial statements.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board may also examine and evaluate the Administrator's financial accounting and reporting routines while the Administrator has the responsibility in respect of monitoring the internal controls in relation to the financial reporting process.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board relies on the Administrator to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Control Activities

The Administrator maintains control structures to manage the risks over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report. Examples of control activities exercised by the Administrator include analytical review procedures, reconciliations and automated controls over IT systems.

Information and Communication

The Company's policies and the Board's consideration of areas of relevance for financial reporting on an annual basis are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

Monitoring

The Board receives regular presentations and reviews reports from the Custodian, Investment Manager and Administrator. The Board relies on the Administrator's process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the Auditors.

Capital Structure

The Directors' and their Family members' interests in the Company as at 31 December 2013 are as follows:

Heather Manners	8,319	Class E Singapore Dollar Distributing Class
Anthony Morris	1,000	Class E Singapore Dollar Distributing Class
Richard Hayes	1,262	Class C Sterling Distributing Class
David Hammond (Family members)	835	Class A Dollar Non-Distributing Class

No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

Powers of the Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish statute comprising the Companies Acts, 1963 to 2013, the UCITS Regulations as applicable to investment funds. The Articles of Association themselves may be amended by special resolution of the Shareholders.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Powers of the Directors (continued)

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Investment Manager and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day-to-day administration of the Company and the investment management and distribution functions to the Investment Manager, which has in turn delegated these functions to the Administrator and Investment Adviser, respectively. Consequently none of the Directors is an Executive Director.

Shareholder Meetings

The Annual General Meeting of the Company will usually be held in Ireland, normally within six months of the end of each financial year. Notice convening the Annual General Meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' and Independent Auditors' Reports of the Company) will be sent to Shareholders at their registered addresses not less than 21 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors in such manner as provided by Irish law.

Each of the Shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those Shares. Matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by any Shareholder having the right to vote at the meeting or unless the chairman of the meeting requests a poll. Each Shareholder has one vote on a show of hands. Each Share gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other share class or any voting rights in relation to matters relating solely to any other share class.

Any resolution to alter the class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting of the class. The quorum for any general meeting of the class convened to consider any alteration to the class rights of the Shares shall be such number of Shareholders being two or more persons whose holdings comprise one third of the Shares.

Each of the Shares other than Subscriber Shares entitles the Shareholder to participate equally on a pro-rata basis in the dividends and net assets of the Fund in respect of which the Shares have been issued, save in the case of dividends declared prior to becoming a Shareholder.

Subscriber Shares entitle the Shareholders holding them to attend and vote at all general meetings of the Company but do not entitle the holders to participate in the dividends or net assets of the Company.

Composition and Operation of Board and Committees

There are currently three Directors and one Alternate Director, all of whom are Non-Executive Directors and two of whom are independent of the Investment Manager. The Board meets at least quarterly. There are no sub-committees of the Board.

On behalf of the Board of Directors

Director

15 April 2014

Director

INVESTMENT MANAGER'S REPORT

In the full year the Fund rose 16.6% compared with the MSCI Asia ex Japan index which rose 3.9%.

In the first half of the year the significant drivers for the Fund were the ASEAN markets, some of which posted impressive gains, most notably Vietnam. Importantly, we also saw good activity in some of our main themes. Aside from Vietnam, the regional brands and consumer companies were strongly re-rated. We also saw a growing appreciation of the explosion in regional tourism. Infrastructure spending was a steady driver across the region and this sector did well too. Overall, it was particularly interesting to observe how many more investors were finally appreciating the ASEAN story and were enthusiastically discussing the impact and meaning of the upcoming ASEAN Economic Community in 2015.

We made very few alterations to the Fund during the first quarter. However, over the second quarter the weighting in Thailand and other ASEAN countries did get very high and we subsequently took some significant profits. We redistributed the funds to Malaysia post the election and also to Korea where a multitude of companies in some of our newer themes sit, such as entertainment, culture and leisure. We also began a new theme, the China Internet, eventually increasing this weighting to about 10% of the Fund. Our cash position remained very low, reflecting the many opportunities we saw at attractive valuations.

In early summer the markets corrected sharply, led by concerns over the China economy and a perceived credit squeeze. ASEAN took most of the brunt of the falls in Asia, but after this the index rose strongly in the third quarter, registering a rise of 7.5%. The marginally lagged the index at this point as the ASEAN markets failed to resume their strong tone of earlier in the year. However, as previously mentioned we had significantly reduced our ASEAN exposure by then. In making this move the Fund's underperformance in the third quarter was minimised.

In the final quarter of the year, we increased our weightings in North Asia, specifically Korea and China, focusing on our preferred themes of tourism, services, wealth management, entertainment and beauty related businesses. Our new major theme, China internet, which we added in the third quarter, was a very strong contributor in the fourth quarter. Other new themes we added towards the end of the year include software, cloud computing, the 'Internet of Things', data analysis and automation. These are interrelated areas where real extraordinary growth is occurring, driven by companies being forced to upgrade their business models to compete. The growth in these areas is structural and thus less vulnerable to economic cycles.

Overview and outlook

The overall Asia index performance for the year was desultory for the third year in a row. The final quarter saw foreign investors exiting Asian equities in droves, with the selling accelerating in January. To some extent, we can sympathise with this decision - after all the MXAPJ has delivered just under 9% total return in the past 3 calendar years, which compares poorly with Western markets and even Japan.

Risks and concerns

A number of risks in Asia remain.

Firstly, much of ASEAN is seeing a slowdown. This can be seen as a normal cycle. Indonesia went first, followed by Thailand and, while the Philippines remains robust, it may peak this year. Vietnam is on a different timescale though and is undergoing a recovery. However, there is additional potential risk to these markets from their newly formed and relatively immature and illiquid bond markets. Too many foreign investors have invested in this asset class in the past couple of years in search of higher yields and much of this trade is yet to reverse. We saw an early tremor of what this might look like in late spring 2013 but then stability returned. The potential for further foreign selling, driving up interest rates in the process, is a clear risk. Equally, this could be avoided or at least mitigated by local investors opting to take up the slack.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Secondly, China still has yet to reveal the extent of its banking problems and this is keeping sentiment very cautious, especially amongst foreigners. We don't feel we have much insight beyond what is readily available in the press, but would say that there are anecdotal signs of credit tightening in China. For example, there are reports of agreed lines of credit not being available when requested, even from the larger banks. What is harder to say is whether this is due to a government directive towards suffocating the industries they want to de-emphasise, or genuine signs of bank liquidity issues. On the other hand, our recent visit to China yielded many areas where the government is actively trying to support growth via generous subsidies, so our sense is that this is not entirely a one way street.

Thirdly, there has been a notable increase in lending across Asia, some of which is occurring across borders and in different currencies. For example, Hong Kong has become linked to a carry trade. Since 2009, Hong Kong banks have lent \$400 billion, or the equivalent of 150% GDP to China, much of which has been in expectation of a stronger RMB and higher interest rates. For those with memories spanning back to the Asian crisis of 1998, this may ring alarm bells.

In short, we cannot disagree that Asia has some domestic risk.

Valuations

However, we believe these risks should be viewed in the context of the overall market valuation. Asia currently trades on a P/B ratio of 1.5x, which is only a small premium to the 1.4x P/B level at which Asia typically trades during a recession. Indeed, in the past, Asia has traded more expensively than it is today for 83% of the time. It is a similar story if we look at the market valuation in P/E terms. Trading on a P/E of 12.6x historic earnings, the MXAPJ is close to the bottom decile of its valuation history.

Overall we remain very positive about the portfolio and the themes we hold. At the time of writing the aggregate holdings of the Fund are forecast to grow earnings by 30% in the coming year, while the aggregate valuation is similar to that of the index. We believe that many of our themes represent quite profound changes in how we are living and that business models are also changing fast to accommodate new technologies and the use of data. Successfully navigating this requires a fleet foot, an open mind, a new set of questions and, without doubt, an actively managed portfolio. We are excited about the challenge and believe the Fund is in a strong position to benefit.

We would like sincerely to thank our investors for their tremendous support over the year.

Prusik Investment Management LLP
15 April 2014

REPORT OF THE CUSTODIAN TO THE SHAREHOLDERS

We have enquired into the conduct of Prusik Asia Fund plc (the “Company”) for the year ended 31 December 2013, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for, and solely for, the shareholders in the Company, in accordance with the Central Bank of Ireland’s UCITS Notice 4 (as amended), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland’s UCITS Notice 4 (as amended). One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company’s Memorandum and Articles of Association and the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2011 (the “UCITS Regulations”). It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 (as amended) and to ensure that, in all material respects, the Company has been managed:

- (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations; and
- (ii) otherwise in accordance with the Company’s constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the UCITS Regulations; and
- (ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the UCITS Regulations.

Brown Brothers Harriman Trustee Services (Ireland) Limited
Styne House
Upper Hatch Street
Dublin 2
Ireland

15 April 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Prusik Asia Fund plc (the "Company") for the year ended 31 December 2013 which comprise the Balance Sheet, Profit and Loss Account and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is the Companies Acts 1963 to 2013, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibility Statement set out on page 4 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Investment Manager's Report and the Report of the Custodian to the Shareholders to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gareth Harman
Partner

For and on behalf of Ernst & Young
Chartered Accountants and Registered Auditors
Dublin 2

15 April 2014

(i) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock - 96.64% (31 December 2012: 96.69%)					
Australia - 1.48% (31 December 2012: 1.74%)					
	30,000	BHP Billiton Ltd.	1,088,715	1,016,630	1.48%
			1,088,715	1,016,630	1.48%
China - 27.67% (31 December 2012: 1.55%)					
	15,600	Baidu, Inc.	1,602,681	2,714,244	3.94%
	2,770,000	Beijing Capital International Airport Co. Ltd.	1,969,396	2,161,313	3.14%
	183,000	Giant Interactive Group, Inc.	1,577,459	2,062,410	3.00%
	1,500,000	Huaneng Power International, Inc.	1,454,429	1,354,166	1.97%
	1,062,000	Jiangsu Expressway Co. Ltd.	1,180,262	1,303,899	1.89%
	214,000	Ping An Insurance Group Co. of China Ltd.	1,788,886	1,922,284	2.79%
	29,000	SINA Corp.	1,961,036	2,383,800	3.46%
	580,000	Sinopharm Group Co. Ltd.	1,704,652	1,660,594	2.41%
	3,550,000	Travelsky Technology Ltd.	2,481,525	3,493,297	5.07%
			15,720,326	19,056,007	27.67%
Hong Kong - 21.22% (31 December 2012: 17.24%)					
	365,000	AIA Group Ltd.	1,434,121	1,828,801	2.66%
	156,000	Cheung Kong Holdings Ltd.	2,155,621	2,464,582	3.58%
	1,000,000	Esprit Holdings Ltd.	1,828,201	1,919,047	2.79%
	665,000	Great Eagle Holdings Ltd.	1,588,979	2,259,877	3.28%
	914,000	Haier Electronics Group Co. Ltd.	1,222,034	2,640,443	3.84%
	1,800,000	Johnson Electric Holdings Ltd.	1,489,291	1,734,106	2.52%
	3,200,000	Skyworth Digital Holdings Ltd.	1,834,079	1,753,967	2.55%
			11,552,326	14,600,823	21.22%
India - 4.37% (31 December 2012: 4.07%)					
	255,000	Bharti Airtel Ltd.	1,436,194	1,362,515	1.98%
	270,000	Tata Motors Ltd.	1,378,200	1,643,706	2.39%
			2,814,394	3,006,221	4.37%
Indonesia - 1.35% (31 December 2012: 4.15%)					
	5,250,000	Telekomunikasi Indonesia Persero Tbk PT	902,911	927,486	1.35%
			902,911	927,486	1.35%
Malaysia - 4.26% (31 December 2012: 0.00%)					
	1,450,000	Magnum Bhd.	1,247,638	1,384,322	2.01%
	430,000	Malaysia Airports Holdings Bhd.	854,711	1,177,795	1.71%
	725,000	MPHB Capital Bhd.	693,814	371,511	0.54%
			2,796,163	2,933,628	4.26%
South Korea - 19.83% (31 December 2012: 15.22%)					
	35,000	Coway Co. Ltd.	1,747,788	2,194,700	3.19%
	8,500	GS Home Shopping, Inc.	808,427	2,467,736	3.58%
	33,000	Hankook Tire Co. Ltd.	1,834,170	1,894,243	2.75%
	32,200	Hotel Shilla Co. Ltd.	1,909,197	2,028,274	2.95%
	1,900	NAVER Corp.	1,072,000	1,302,991	1.89%
	6,600	NCSOFT Corp.	1,201,844	1,550,404	2.25%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets		
Common Stock - 96.64% (31 December 2012: 96.69%) (continued)							
South Korea - 19.83% (31 December 2012: 15.22%) (continued)							
	90,000	SK Telecom Co. Ltd.	1,055,315	2,214,000	3.22%		
			9,628,741	13,652,348	19.83%		
Taiwan - 2.81% (31 December 2012: 3.38%)							
	340,000	Delta Electronics, Inc.	1,863,462	1,932,272	2.81%		
			1,863,462	1,932,272	2.81%		
Thailand - 4.17% (31 December 2012: 23.47%)							
	200,000	Bangkok Bank PCL - NVDR	1,055,456	1,083,639	1.57%		
	500,000	Major Cineplex Group PCL - Foreign	292,473	265,568	0.39%		
	125,000	Siam Cement PCL	1,676,801	1,522,436	2.21%		
			3,024,730	2,871,643	4.17%		
Vietnam - 9.48% (31 December 2012: 6.65%)							
	1,175,830	Kinh Do Corp.	1,624,628	2,786,988	4.05%		
	910,610	Phu Nhuan Jewelry JSC	1,451,035	1,303,647	1.89%		
	1,600,000	Saigon Securities, Inc.	1,126,177	1,365,252	1.98%		
	2,200,000	VN Direct Securities Corp.	987,443	1,074,188	1.56%		
			5,189,283	6,530,075	9.48%		
Total Common Stock			54,581,051	66,527,133	96.64%		
Collective Investment Schemes - 3.06% (31 December 2012: 2.41%)							
Hong Kong - 3.06% (31 December 2012: 2.41%)							
	1,750,000	iShares FTSE A50 China Index ETF	2,230,818	2,105,728	3.06%		
			2,230,818	2,105,728	3.06%		
Total Collective Investment Schemes			2,230,818	2,105,728	3.06%		
Total Fair Value of Investments			56,811,869	68,632,861	99.70%		
Forward Foreign Currency Contracts - 0.11% (31 December 2012: 0.01%)							
Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
USD	851,000	SGD	(1,063,410)	22/01/2014	Brown Brothers Harriman	9,952	0.01%
GBP	370,138	USD	(591,000)	22/01/2014	Brown Brothers Harriman	20,040	0.03%
GBP	1,604,559	USD	(2,562,000)	22/01/2014	Brown Brothers Harriman	86,872	0.13%
Total unrealized gain on Forward Foreign Currency Contracts						116,864	0.17%
Total Financial Assets at Fair Value through Profit or Loss						68,749,725	99.87%

SCHEDULE OF INVESTMENTS (CONTINUED)

Forward Foreign Currency Contracts - 0.11% (31 December 2012: 0.01%) (continued)

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
SGD	2,125,798	USD	(1,702,000)	22/01/2014	Brown Brothers Harriman	(20,713)	(0.03%)
USD	799,000	GBP	(494,247)	22/01/2014	Brown Brothers Harriman	(16,923)	(0.03%)
Total unrealized loss on Forward Foreign Currency Contracts						(37,636)	(0.06%)
Total Financial Liabilities at Fair Value through Profit or Loss						(37,636)	(0.06%)
						Value USD	% of Net Assets
Cash						1,449,709	2.11%
Other Net Liabilities						(1,320,775)	(1.92%)
Net Assets Attributable to Holders of Redeemable Participating Shares						68,841,023	100.00%

BALANCE SHEET

	Notes	As at 31 December 2013 USD	As at 31 December 2012 USD
Assets			
Financial assets, at cost		56,811,869	62,897,857
Financial assets at fair value through profit or loss			
- Transferable securities		66,527,133	71,782,210
- Collective investment schemes		2,105,728	1,790,184
- Financial derivative instruments		116,864	12,957
Cash	9	1,449,709	46,517
Margin cash due from broker		361	14,145
Receivable for investments sold		-	927,848
Dividends receivable		138,203	240,763
Subscriptions receivable		8,621	22,222
Other assets		-	24,425
Total assets		70,346,619	74,861,271
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		37,636	5,709
Bank overdraft		-	300,700
Redemptions payable		686,837	-
Investment management fees	3	63,196	94,302
Administration fees	4	28,810	28,137
Custody fees	5	21,138	29,694
Directors' fees	6	10,497	-
Audit fees	7	52,931	49,588
Performance fees	3	517,921	73,497
Professional fees		68,858	36,086
Other liabilities		17,772	214
Total liabilities		1,505,596	617,927
Net Assets Attributable to Holders of Redeemable Participating Shares (for financial statement purposes)		68,841,023	74,243,344

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (CONTINUED)

	Notes	As at 31 December 2013	As at 31 December 2012
Class A Dollar Non-Distributing Class			
Net Assets (for financial statement purposes)	2	USD 19,760,047	USD 46,100,356
Outstanding Redeemable Participating Shares	1,2	99,447	270,475
Net Asset Value per Share	2	USD 198.70	USD 170.44
Class B Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	USD 2,996,046	USD 9,737,170
Outstanding Redeemable Participating Shares	1,2	15,062	57,105
Net Asset Value per Share	2	USD 198.92	USD 170.51
Class C Sterling Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 1,152,405	GBP 1,353,272
Outstanding Redeemable Participating Shares	1,2	10,665	14,622
Net Asset Value per Share	2	GBP 108.06	GBP 92.55
Class D Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 1,114,403	SGD 2,080,496
Outstanding Redeemable Participating Shares	1,2	4,082	8,879
Net Asset Value per Share	2	SGD 272.99	SGD 234.34
Class E Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 3,302,778	SGD 1,694,604
Outstanding Redeemable Participating Shares	1,2	23,436	14,619
Net Asset Value per Share	2	SGD 140.92	SGD 115.92
Class N Dollar Non-Distributing Class			
Net Assets (for financial statement purposes)	2	USD 551,917	USD 484,045
Outstanding Redeemable Participating Shares	1,2	2,775	2,840
Net Asset Value per Share	2	USD 198.89	USD 170.44
Class O Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	USD 1,479,271	USD 12,090,976
Outstanding Redeemable Participating Shares	1,2	7,740	70,899
Net Asset Value per Share	2	USD 191.12	USD 170.54
Class P Sterling Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 383,428	GBP 340,828
Outstanding Redeemable Participating Shares	1,2	3,602	3,689
Net Asset Value per Share	2	GBP 106.43	GBP 92.39
Class U Sterling (Unhedged) Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 23,030,500	–
Outstanding Redeemable Participating Shares	1,2	221,261	–
Net Asset Value per Share	2	GBP 104.09	–

For and on behalf of the Board of Directors of Prusik Asia Fund plc

Director
15 April 2014

Director

The accompanying notes form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

	Notes	For the year ended 31 December 2013 USD	For the year ended 31 December 2012 USD
Investment income			
Dividend income		2,235,109	2,621,261
Interest income		563	1,281
Miscellaneous income		37,098	17,731
Net realised gain on financial assets and liabilities at fair value through profit or loss		10,194,749	5,940,741
Movement in net unrealised gain on financial assets and liabilities at fair value through profit or loss		1,223,803	11,721,162
Total income		13,691,322	20,302,176
Expenses			
Investment management fees	3	1,003,173	1,165,589
Performance fees	3	802,621	73,497
Administration fees	4	112,435	111,609
Custody fees	5	63,626	89,859
Directors' fees	6	44,738	41,875
Audit fees	7	59,967	41,792
Professional fees		191,172	168,298
Transaction costs		645,134	765,979
Other expenses		54,625	18,558
Total expenses		2,977,491	2,447,056
Net income before finance costs		10,713,831	17,825,120
Finance costs			
Overdraft interest		(2,754)	(28,621)
Indian capital gains tax		–	5,614
Total finance costs		(2,754)	(23,007)
Withholding tax on dividends		(226,698)	(236,235)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		10,484,379	17,565,878

Gains and losses arise solely from continuing operations. There were no recognised gains or losses other than those reflected above and therefore, no statement of total recognised gains and losses has been presented.

For and on behalf of the Board of Directors of Prusik Asia Fund plc

Director
15 April 2014

Director

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

		For the year ended 31 December 2013 USD	For the year ended 31 December 2012 USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		10,484,379	17,565,878
Capital Share Transactions of Redeemable Participating Shares			
Proceeds from issuance of Redeemable Participating Shares	1	50,746,357	6,872,048
Payments on redemption of Redeemable Participating Shares	1	(66,648,988)	(36,090,037)
Recontribution due to additional performance fee	3	15,931	73,497
Net decrease from Capital Share Transactions of Redeemable Participating Shares		<u>(15,886,700)</u>	<u>(29,144,492)</u>
Change in Net Assets Attributable to Holders of Redeemable Participating Shares		(5,402,321)	(11,578,614)
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the year		74,243,344	85,821,958
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the year		<u>68,841,023</u>	<u>74,243,344</u>

The accompanying notes form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and estimation techniques adopted by the Company are as follows:

Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013 and the UCITS Regulations. The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the reduction of financial assets and financial liabilities at fair value through profit or loss, and they comply with accounting standards issued by the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland.

The information required by FRS 3: “Reporting Financial Performance”, to be included in a statement of total recognised gains and losses and a reconciliation of movement in Shareholders’ funds, is in the opinion of the Directors contained in the Profit and Loss Account and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares on pages 18 and 19.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 “Cash Flow Statements”, not to prepare a cash flow statement.

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

(i) Classification

In accordance with FRS 26 “Financial Instruments: Recognition and Measurement”(“FRS 26”), the Company designated all its assets and liabilities as Financial Assets and Financial Liabilities at fair value through profit or loss. The category of Financial Assets and Financial Liabilities at fair value through profit or loss is further subdivided into:

Financial assets and financial liabilities held for trading

These include equities and forward foreign currency contracts held by the Company. These instruments are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price. All the Company’s assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

Financial instruments designated as at fair value through profit or loss upon initial recognition

These include Financial Assets or Financial Liabilities that are not held for trading. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company’s Prospectus. There were no such financial instruments designated as at fair value through profit or loss upon initial recognition held by the Company at the year end.

(ii) Recognition

All regular purchases and sales of financial instruments are recognised on the trade date, subject to receipt before agreed cut-off time, which is the date that the Company commits to purchase or sell an asset. Regular way purchase or sales are purchases or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place.

Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are included in the Profit and Loss Account in the year which they arise. Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as “ex-dividend”.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of group of similar assets) is derecognised where

- The rights to receive cash flows from the assets have expired; or
- The Company transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under “pass through” arrangements; or

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

(iii) Derecognition (continued)

- Either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(iv) Initial Measurement

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Profit and Loss Account.

Financial liabilities, other than those classified as at fair value through profit and loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Components of hybrid financial instruments are measured in accordance with the above policies based on their classification.

(v) Subsequent Measurement

After initial measurement, the Fund measures financial instruments classified as financial assets at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Securities which are quoted, listed or traded on a Recognised Exchange will be valued for financial reporting purposes at last bid prices at the Valuation Point. The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by the Directors or by a competent person, firm or corporation appointed for such purpose by the Custodian.

Cash and other Liquid Assets

Cash comprises current deposits with banks. Cash and other liquid assets will be valued at their face value with accrued interest on interest bearing accounts as at the close of business on each valuation date.

Derivative Instruments

Derivative instruments traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or the Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by a competent person (such competent person having been approved for the purpose by the Custodian). Derivative contracts which are not traded on a regulated market including without limitation, swap contracts, will be valued on the basis of a quotation provided daily by the relevant counterparty and verified or approved at least weekly by a party independent of the counterparty, including the Investment Manager, or another independent party which is approved for such purpose by the Custodian. Apart from forward foreign exchange contracts, as at 31 December 2013 and 31 December 2012, the Company did not hold any derivative instruments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

Forward Foreign Currency Contracts

Forward foreign currency contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to the price at the Valuation Point at which new forward contract of the same size and maturity could be undertaken. The forward foreign currency contracts held by the Company as at 31 December 2013 are included in the Schedule of Investments.

Futures Contracts

A futures contract is an agreement between two parties to buy and sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as 'initial cash margin'. Subsequent payments ('variation margin') are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Realised and unrealised gains and losses on futures contracts are recognised in the Profit and Loss Account. As at 31 December 2013, the Company did not hold any futures contracts.

Collective Investment Schemes

Units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if traded on a Recognised Exchange, in accordance with listed securities above. The collective investment schemes held by the Company as at 31 December 2013 are included in the Schedule of Investments.

Distributions Payable to Holders of Redeemable Participating Shares

The Company received Reporting Fund status from HMRC with effect from the 1st January 2010 (the Company had previously been registered as having distributor status for the year ended 31 December 2009). The Directors, at their discretion, propose to distribute any of the net investment income of the Class B Dollar Distributing Class, the Class C Sterling Distributing Class, the Class D Singapore Dollar Distributing Class, the Class O Dollar Distributing Class, the Class P Sterling Distributing Class, the Class E Singapore Dollar Distributing Class and the Class U Sterling (Unhedged) Distributing Class of the Company. In the event that a dividend is paid it will be paid out of the net investment income and/or net realised and unrealised capital gains (i.e. realised and unrealised gains net of realised and unrealised losses) of the Company. It is currently anticipated that, if there is net income to distribute, a dividend will be declared in April of each year, and will be paid within four months of declaration. However, the Directors may at their discretion determine the frequency at which a dividend is paid. Shareholders will be notified of any change in the frequency of the payment of dividends. Distributions to holders of redeemable participating shares are recorded in the Income Statement as Finance Costs when paid. As at 31 December 2013 and 31 December 2012, no distributions were paid or payable from the Company.

Foreign Exchange Translation

Functional and Presentation Currency

Items included in the Company's financial statements are measured using the currency in which Shareholder transactions take place (the "functional currency") which is US Dollars ("USD"). The Fund's reporting currency is also USD.

Transactions and Balances

Assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Transactions and Investment Income

Investment transactions are accounted for as at the date purchased or sold. Gains and losses arising from changes in the fair value of the Financial Assets at fair value through profit or loss are included in the Profit and Loss account in the year in which they arise.

Interest Income and Interest Expenses

Interest income and interest expenses are recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

Dividend Income

Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as “ex-dividend”. Income is shown gross of any non-recoverable withholding taxes and net of any tax credits. Withholding tax is shown as a finance cost in the Profit and Loss Account.

Transaction Costs

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs are recognised in the Profit and Loss Account as an expense.

Expenses

Expenses are recognised in the Profit and Loss Account on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Share Capital*Authorised*

The authorised capital of the Company is Euro ("EUR") 300,000 divided into 300,000 redeemable non-participating Shares of EUR1 each and 500 billion Redeemable Participating Shares of no par value.

Non-Participating Shares

There are currently 300,000 redeemable non-participating Shares authorised, with two in issue. The redeemable non-participating Shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Redeemable Participating Shares

The net assets attributable to holders of Redeemable Participating Shares are at all times equal to the NAV of the Company. Redeemable Participating Shares are redeemable at the Shareholder's option and are classified as Financial Liabilities under FRS 25 "Financial Instruments: Disclosure and Presentation" as they can be redeemed at the option of the Shareholder. Net Assets Attributable to Holders of Redeemable Participating Shares represent a liability in the Balance Sheet, carried at the redemption amount that would be payable at the balance sheet date if a Shareholder exercised the right to redeem. Consequently the differences adjust the carrying amount of Net Assets Attributable to Holders of Redeemable Participating Shares and are recognised in the Profit and Loss Account.

The movement in the number of redeemable participating shares for the year ended 31 December 2013 is as follows:

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	270,475	57,105	14,622
Redeemable Participating Shares issued	57,757	15,218	1,689
Redeemable Participating Shares redeemed	(228,785)	(57,261)	(5,646)
At the end of the year	99,447	15,062	10,665
	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class N Dollar Non-Distributing Class Shares
At the beginning of the year	8,879	14,619	2,840
Redeemable Participating Shares issued	1,223	8,817	80
Redeemable Participating Shares redeemed	(6,020)	–	(145)
At the end of the year	4,082	23,436	2,775
	Class O Dollar Distributing Class Shares	Class P Sterling Distributing Class Shares	Class U Sterling (Unhedged) Distributing Class Shares
At the beginning of the year	70,899	3,689	–
Redeemable Participating Shares issued	3,018	133	221,461
Redeemable Participating Shares redeemed	(66,177)	(220)	(200)
At the end of the year	7,740	3,602	221,261

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Share Capital (continued)*Redeemable Participating Shares (continued)*

The movement in the number of redeemable participating shares for the year ended 31 December 2012 is as follows:

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	461,492	35,636	26,054
Redeemable Participating Shares issued	3	28,016	64
Redeemable Participating Shares redeemed	(191,020)	(6,547)	(11,496)
At the end of the year	<u>270,475</u>	<u>57,105</u>	<u>14,622</u>
	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class N Dollar Non-Distributing Class Shares
At the beginning of the year	9,638	13,162	940
Redeemable Participating Shares issued	-	1,457	2,840
Redeemable Participating Shares redeemed	(759)	-	(940)
At the end of the year	<u>8,879</u>	<u>14,619</u>	<u>2,840</u>
	Class O Dollar Distributing Class Shares	Class P Sterling Distributing Class Shares	
At the beginning of the year	85,451	5,309	
Redeemable Participating Shares issued	15,078	-	
Redeemable Participating Shares redeemed	(29,630)	(1,620)	
At the end of the year	<u>70,899</u>	<u>3,689</u>	

Application for redemption of Redeemable Participating Shares may be submitted prior to 5.00pm Irish time two calendar days before any Dealing Day (the “dealing deadline”) or such other time as the Board of Directors may determine, provided that the dealing deadline is no later than the valuation point for the Company. Shares will be issued at the NAV per Share based on last traded prices.

Holders of the Distributing Class are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the NAV per Share of the Company.

2. Net Asset Value per Redeemable Participating Share Reconciliation

In accordance with the provisions of the Company’s Prospectus, marketable investment securities are valued for Shareholder dealing purposes at last traded prices at the valuation point. Marketable investment securities for financial reporting purposes are required by FRS 26 to be valued based on last bid prices at the valuation point. The difference between the two valuation methods may result in a difference between the NAV per Share shown in the financial statements and the NAV per Share at which Redeemable Participating Shares are issued and redeemed.

In the current year an adjustment to the carrying amount of the Net Assets attributable to holders of Redeemable Participating Shares (for Shareholder dealing purposes) of USD223,946 (USD293,043: 31 December 2012) has been reflected in accordance with FRS 26 to reflect the bid price at the valuation point.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Net Asset Value per Redeemable Participating Share Reconciliation (continued)

The table below shows the Net Asset Value per Redeemable Participating Share Reconciliation for the year ended 31 December 2013:

	Class A US Dollar Non- Distributing Class USD	Class B US Dollar Distributing Class USD	Class C Sterling Distributing Class USD	Class D Singapore Dollar Distributing Class USD	Class E Singapore Dollar Distributing Class USD
Dealing NAV	19,824,328	3,005,792	1,908,867	884,237	2,620,629
Deduct: FRS 26 valuation adjustment	64,281	9,746	6,189	2,868	8,498
Total NAV (for financial reporting purposes)	19,760,047	2,996,046	1,902,678	881,369	2,612,131
Shares Outstanding	99,447	15,062	10,665	4,082	23,436
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	198.70	198.92	178.41	215.91	111.46
NAV per Redeemable Participating Share (local currency of share class)	198.70	198.92	108.06	272.99	140.92
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	199.35	199.56	178.99	216.61	111.82
NAV per Redeemable Participating Share (local currency of share class)	199.35	199.56	108.41	273.88	141.38
	Class N Dollar Non- Distributing Class USD	Class O Dollar Distributing Class USD	Class P Sterling Distributing Class USD	Class U Sterling (Unhedged) Distributing Class USD	Total USD
Dealing NAV	553,712	1,484,083	635,118	38,148,203	69,064,969
Deduct: FRS 26 valuation adjustment	1,795	4,812	2,060	123,697	223,946
Total NAV (for financial reporting purposes)	551,917	1,479,271	633,058	38,024,506	68,841,023
Shares Outstanding	2,775	7,740	3,602	221,261	
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	198.89	191.12	175.73	171.85	
NAV per Redeemable Participating Share (local currency of share class)	198.89	191.12	106.43	104.09	
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	199.54	191.75	176.30	172.41	
NAV per Redeemable Participating Share (local currency of share class)	199.54	191.75	106.78	104.43	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Net Asset Value per Redeemable Participating Share Reconciliation (continued)

The table below shows the Net Asset Value per Redeemable Participating Share Reconciliation for the year ended 31 December 2012:

	Class A US Dollar Non- Distributing Class USD	Class B US Dollar Distributing Class USD	Class C Sterling Distributing Class USD	Class D Singapore Dollar Distributing Class USD	Class E Singapore Dollar Distributing Class USD
NAV (dealing NAV inclusive of 31 December 2012 subscriptions)	46,282,322	9,775,603	2,197,285	1,710,164	1,392,960
Deduct: FRS 26 valuation adjustment	181,960	38,433	8,639	6,724	5,476
Total NAV (for financial reporting purposes)	46,100,362	9,737,170	2,188,646	1,703,440	1,387,484
Shares Outstanding	270,475	57,105	14,622	8,879	14,619
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	170.44	170.51	149.68	191.85	94.91
NAV per Redeemable Participating Share (local currency of share class)	170.44	170.51	92.55	234.34	115.92
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	171.12	171.19	150.27	192.61	95.29
NAV per Redeemable Participating Share (local currency of share class)	171.12	171.19	92.91	235.25	116.39
	Class N Dollar Non- Distributing Class USD	Class O Dollar Distributing Class USD	Class P Sterling Distributing Class USD	Total USD	
NAV (dealing NAV inclusive of 31 December 2012 subscriptions)	485,956	12,138,700	553,397	74,536,387	
Deduct: FRS 26 valuation adjustment	1,911	47,724	2,176	293,043	
Total NAV (for financial reporting purposes)	484,045	12,090,976	551,221	74,243,344	
Shares Outstanding	2,840	70,899	3,689		
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	170.44	170.54	149.42		
NAV per Redeemable Participating Share (local currency of share class)	170.44	170.54	92.38		
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	171.11	171.21	150.00		
NAV per Redeemable Participating Share (local currency of share class)	171.11	171.21	92.75		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Investment Management Fees

The Company has entered into an Investment Management Agreement with Prusik Investment Management LLP (the "Investment Manager") pursuant to which the Investment Manager manages the Company's investments on a discretionary basis.

The Investment Manager receives from the Company a fee in relation to the Company of 1.5% per annum of the NAV of the Company together with Value Added Tax ("VAT"), if any on such fee. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be payable monthly in arrears. The Company shall bear the cost of any VAT applicable to any fees or other amounts payable to or by such nominee in the performance of their respective duties.

The Investment Manager earned a fee of USD1,003,173 during the year ended 31 December 2013 (USD1,165,589: 31 December 2012), of which USD63,196 is outstanding at the year end (USD94,302: 31 December 2012).

Performance fee and equalisation

In relation to Classes A, B, C, D, N, O, P and U the Investment Manager also receives a Performance Fee out of the assets of the Company. The Performance Fee is calculated in respect of each twelve month period ending on 31 December respectively in each year (a "Calculation Period") for Classes A, B, C and D and quarterly for Classes N, O, P and U. For each Calculation Period, the Performance Fee in respect of each Share for Classes A, B, C, D, N, O and P will be equal to 10% of the appreciation in the Net Asset Value per Share during that Calculation Period above the base Net Asset Value per Share. The base Net Asset Value per Share is the greater of the Net Asset Value per Share at the time of issue of that Share and the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue. The Performance Fee in respect of each Class U Sterling (Unhedged) Distributing Share ("Class U Share") will be equal to 10% of the Net Percentage Outperformance (as defined below) by the Class U Sterling (Unhedged) Distributing Shares of the performance of the MSCI AC Asia Pacific excluding Japan Index, free-float weighted equity index ("MXAPJ") (the "Index Performance") during that Calculation Period multiplied by the Net Asset Value per Share of the Class U Shares as at the beginning of the Calculation Period. The net percentage outperformance in respect of Calculation Periods where Class U Performance is greater than Index Performance is the arithmetic difference between Index Performance expressed in GBP and Class U Performance, expressed as a percentage (the "Net Percentage Outperformance").

In the case of Classes A, B, C and D there is a further calculation, which is intended to ensure the performance fee for these classes is based on the performance of each individual shareholding, and the result of this calculation is that certain shareholders may benefit from a credit against future performance fees referred to as an equalisation credit. Other shareholders may be required to pay additional amounts of performance fee if they have subscribed for shares at a time when the Net Asset Value per Share of the relevant class is less than that when a performance fee was last paid for that class. In respect of classes N, O, P and U, the performance fee is calculated based on the performance of the share classes as a whole, and not that of any individual shareholding. The Investment Manager will not charge the Holders of Participating Shares of the Company a performance fee if the Net Asset Value does not appreciate by more than 6% per annum for all classes.

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus. The Investment Manager may, at its sole discretion, agree with any Shareholder, to rebate, return and or remit any part of the Management and Performance Fees which are paid or payable to the Investment Manager. Details of the Performance fees and Equalisation fees charged to the Company and payable at the end of the year are included in the Profit and Loss Account and Balance Sheet, respectively.

The Class E Singapore Dollar Distributing Class will not be charged a Performance Fee.

A Performance Fee of USD802,621 was earned during the year ended 31 December 2013 (USD73,497: 31 December 2012), which includes USD15,931 of recontribution due to additional performance fees (USD73,497: 31 December 2012). The performance fee outstanding at the end of the year was USD517,921 (USD73,497: 31 December 2012), which includes USDNil of an additional performance fee (USD73,497: 31 December 2012).

4. Administration Fees

With effect from 1 January 2012, the Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator") a fee of 0.04% of the NAV of the Company if the NAV is less than

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Administration Fees (continued)

USD200,000,000, 0.03% of any increment greater than USD200,000,000 and less than USD400,000,000, and 0.02% of any increment greater than USD400,000,000 (plus VAT, if any).

For a period of eighteen months from 1 June 2012 until 1 December 2013 the Administrator's fees were subject to a minimum monthly charge of USD7,335. Thereafter, this monthly minimum charge reverted to USD4,000. The Administrator is also entitled to receive registration fees and transaction and reporting charges at normal commercial rates which shall accrue daily and be paid monthly in arrears.

The Administrator is also be entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

The new prospectus which was noted by the Central Bank on 17 February 2014 incorporated the changes to the Administration charges.

The Administrator earned a fee of USD112,435 during the year ended 31 December 2013 (USD111,609: 31 December 2012), of which USD28,810 is outstanding at the year end (USD28,137: 31 December 2012).

5. Custodian Fees

The Company pays Brown Brothers Harriman Trustee Services (Ireland) Limited (the "Custodian") a trustee fee of 0.02% of the NAV of the Fund. The Custodian also receives a custody fee ranging from 0.01% to 0.09% of the NAV of the investments that the fund makes in each relevant market. The Custodian fees are payable monthly in arrears, subject to a minimum charge of USD36,000 per Fund per annum.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Custodian earned a fee of USD63,626 during the year ended 31 December 2013 (USD89,859: 31 December 2012), of which USD21,138 is outstanding at the year end (USD29,694: 31 December 2012).

6. Directors' Fees

The Directors of the Company are entitled to a fee in remuneration for their services of EUR15,000 each (plus VAT, if any) per annum. In addition the Directors are entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors are entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties.

The Directors earned a fee of USD44,738 during the year ended 31 December 2013 (USD41,875: 31 December 2012), of which USD10,497 is outstanding at the year end (USDNil: 31 December 2012).

7. Auditors Remuneration

Audit fees charged to the Profit and Loss Account for the year ended 31 December 2013 amounted to USD59,967 (USD41,792: 31 December 2012) of which USD52,931 (USD49,588: 31 December 2012) is outstanding at the year end. This represents remuneration for work carried out for the Company for statutory audit of financial statements.

Remuneration for work carried out for the Company by its statutory audit firm for the years ended 31 December 2013 and 31 December 2012 was as follows:

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
	USD	USD
Statutory audit fees	59,967	41,792
Other non-audit fees	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Related Parties (Client to confirm)*Directors*

Heather Manners, a director of the Company, is a Chief Investment Officer of the Investment Manager and has not been paid a fee for the year ended 31 December 2013.

Anthony Morris, alternate director for Heather Manners, is also a partner and is Chief Operating Officer and Head of Trading of the Investment Manager. As an alternate director, he is not entitled to receive a director's fee from the Company.

David Hammond is a Director of Bridge Consulting, a financial services consultancy and business advisory firm which provided services relating to the Company's governance requirements under the UCITS Regulations. Bridge Consulting earned a fee of USD49,400 for the year ended 31 December 2013 (USD45,052: 31 December 2012), of which USD12,975 is outstanding at the year end (USD28,450: 31 December 2012).

The following Directors and related parties held Shares in the Company as at 31 December 2013:

Related Party	Shares held	Share Class
David Hammond (Family members)	835	Class A USD\$ Non-Distributing Class
Heather Manners	8,319	Class E SGD\$ Distributing Class
Prusik Investment Management LLP	7,029	Class E SGD\$ Distributing Class
Anthony Morris	1,000	Class E SGD\$ Distributing Class
Richard Hayes	1,262	Class C GBP£ Distributing Class
Thomas Naughton (Partner of the Investment Manager)	5,826	Class E SGD\$ Distributing Class

The following Directors and related parties held Shares in the Company as at 31 December 2012:

Related Party	Shares held	Share Class
David Hammond (Family members)	933	Class A USD\$ Non-Distributing Class
Heather Manners	4,080	Class D SGD\$ Distributing Class
Prusik Investment Management LLP	7,029	Class E SGD\$ Distributing Class
Anthony Morris	410	Class D SGD\$ Distributing Class
Richard Hayes	1,262	Class E SGD\$ Distributing Class
Thomas Naughton (Partner of the Investment Manager)	5,826	Class E USD\$ Distributing Class

9. Cash

	31 December 2013	31 December 2012
	USD	USD
BNP Paribas, Grand Cayman	-	8
Citibank, London	832,545	-
HSBC Bank Plc, London	561,757	-
HSBC Bank Plc, Singapore	54,921	46,126
Brown Brothers Harriman & Co.	486	(300,317)
	<u>1,449,709</u>	<u>(254,183)</u>

Cash balances are held with sub-custodians on restricted overnight deposits as part of the Custodian Agreement. The Custodian performs oversight in respect of the sub-custodian's appointment and conducts an annual due diligence review.

10. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income and gains.

Tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption or transfer of Shares. No tax will arise on the Company in respect of chargeable events in respect of:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Taxation (continued)

- a Shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and
- certain exempted Irish tax investors who have provided the Company with the necessary signed statutory declarations.

Dividend income and interest received by the Company may be subject to non-recoverable withholding tax in the countries of origin.

Following legislative changes in the Finance Act 2006, the holding of Shares at the end of a Relevant Period will, in respect of Irish Resident investors, also constitute a chargeable event. To the extent that any tax issues arise on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares.

A Relevant Period is defined as a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

As outlined in the Income Statement, the Fund received a capital gains tax refund from the Indian Revenue of USD5,614 for the year ending 31 December 2012 due to excess capital gains tax paid during the tax period 1 April 2010 to 31 March 2011. As per Indian Income Tax laws, capital gains tax is payable on the sale of assets, investments and capital accumulation. No capital gains tax was charged to the Fund for the year ended 31 December 2013 and 31 December 2012.

11. Soft Commission Agreements

During the year ended 31 December 2013, the Investment Manager entered into soft commission arrangements with brokers/dealers in respect of which certain goods and services used to support the investment decision process were received. The Investment Manager does not make direct payment for these services but does transact an agreed amount of business with the brokers on behalf of the Company and commission is paid on these transactions.

The goods and services utilized for the Company include computer hardware and software used for economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services and investment related publications.

The Investment Manager considers these arrangements are to the benefit of the Company and has satisfied itself that it obtains best execution on behalf of the Company and the brokerage rates are not in excess of the customary institutional full service brokerage rates.

These arrangements do not affect the Investment Manager's obligation to obtain best execution on investment transactions undertaken for the Company.

12. Efficient Portfolio Management

The Company may employ techniques and instruments relating to transferable securities and money market instruments, for the purposes of efficient portfolio management including but not limited to repurchase agreements, reverse repurchase agreements and securities lending. During the year ended 31 December 2013, the Company did not hold any such instruments for the purposes of efficient portfolio management.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Exchange Rates

The following exchange rates have been used to translate assets and liabilities in currencies other than USD:

	31 December 2013	31 December 2012
Australian Dollar	1.1208	0.964
Euro	0.7266	0.7581
Hong Kong Dollar	7.7539	7.7506
Indian Rupee	61.8450	54.7900
Indonesian Rupiah	12,170.0000	9,637.500
Malaysian Ringgit	3.2785	-
Philippine Peso	-	41.0050
Pound Sterling	0.6057	0.6183
Singapore Dollar	1.2644	1.2214
South Korean Won	1,055.7250	1,063.640
Taiwan Dollar	29.8250	29.0490
Thailand Baht	32.7600	30.5600
Vietnamese Dong	21,095.0000	20,840.0000

14. Financial Risk Management

In pursuing its investment objective, the Company is exposed to a variety of financial risks as defined in FRS 29 including: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk, that could result in a reduction in the Company's NAV. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Prospectus provides further details on the treatment of risk factors affecting the Fund.

The Company uses the "commitment approach" to calculate the derivatives exposure of the Company, if any, in accordance with the requirements of the Central Bank.

The commitment approach is based on calculating derivatives exposure by adding together the current values of the underlying assets the derivatives are based on (delta-adjusted in the case of options and warrants), the total of which should not exceed 100% of the Company's NAV.

The Directors' approach to the management of the above risks are as follows:

a) Market Risk

This risk comprises of three main types of risk: market price risk, currency risk and interest risk.

(i) Market Price Risk

Market price risk is defined in FRS 29 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)**a) Market Risk (continued)****(i) Market Price Risk (continued)**

The following sensitivity analysis assumes a change in the market price of investments while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the variables may be correlated. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The Investment Manager deems the percentage used applicable for the Company analysis.

A 5% increase or decrease in the market price of investments at 31 December 2013, with all other variables held constant, would have increased or decreased the Net Assets Attributable to Holders of Redeemable Participating Shares of the Company by approximately 5% or USD3,435,604 (USD3,678,982: 31 December 2012).

The Fund's concentration of equity price risk by geographical distribution can be seen in the Schedule of Investments, on pages 13 to 15.

(ii) Currency Risk

Currency risk is defined in FRS 29 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The net asset values per share of the Company are computed in USD whereas the investments of the Company may be acquired, valued and disposed of in other currencies. The USD value of the investments of the Company designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currency.

In accordance with the Company's policy, the Investment Manager monitors the Company's currency position on a daily basis and the Board of Directors rely upon the Investment Manager to keep it informed of any material event.

The tables below and overleaf set out the Company's total exposure to foreign currency at the year end, including sensitivity analysis.

As at 31 December 2013

	Cash	Non- Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	87	1,016,630	1,016,717	50,836
Euro	5	–	5	–
Hong Kong Dollar	2	28,602,106	28,602,108	1,430,105
Indian Rupee	–	3,006,221	3,006,221	150,311
Indonesian Rupiah	–	927,486	927,486	46,374
Malaysian Ringgit	–	2,939,530	2,939,530	146,977
Korean Won	4	11,570,649	11,570,653	578,533
Pound Sterling	561,772	–	561,772	28,089
Singapore Dollar	54,921	–	54,921	2,746
Taiwan Dollar	373	1,932,272	1,932,645	96,632
Thailand Baht	–	2,871,642	2,871,642	143,582
Vietnamese Dong	–	6,530,075	6,530,075	326,504

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)**a) Market Risk (continued)****(ii) Currency Risk (continued)**

As at 31 December 2012

	Cash	Non-Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	3	1,977,905	1,977,908	98,895
Euro	5	–	5	–
Hong Kong Dollar	(395,397)	18,686,312	18,290,915	914,546
Indian Rupee	–	3,018,028	3,018,028	150,901
Indonesian Rupiah	–	3,084,825	3,084,825	154,241
Korean Won	–	7,890,579	7,890,579	394,529
Phillipine Peso	–	10,500,505	10,500,505	525,025
Singapore Dollar	(121)	1,064,396	1,064,275	53,214
Taiwan Dollar	383	2,511,618	2,512,001	125,600
Thailand Baht	–	17,426,047	17,426,047	871,302
Vietnamse Dong	–	4,938,039	4,938,039	246,902

(iii) Interest Rate Risk

Interest rate risk is defined in FRS 29 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in relevant interest rates.

The value of investments in interest rate bearing securities may be subject to price volatility due to changes in interest rates. An increase in interest rates will generally reduce the value of debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of debt securities that are issued and outstanding.

The majority of the assets and liabilities of the Fund are invested in non-interest bearing securities. As a result, the Fund is not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates.

b) Credit Risk

Credit risk is the risk that a counterparty or an issuer will be unable to pay amounts in full when due. There can be no assurance that the issuers of securities or other instruments in which the Company may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or investments. The Company may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

When the Company invests in a security or other instruments which is guaranteed by a bank or another type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

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

The Company's assets are held on a fiduciary basis by the Custodian. These assets are held in segregated accounts on the books and records of the Custodian. Depending on the requirement of the jurisdictions in which the investments of the Fund are listed, the Custodian may use the service of one or more sub-custodians.

The short term credit rating for Brown Brothers Harriman & Co. is the highest short term credit quality. This indicates the strongest intrinsic capacity for timely payment of financial commitments, as rated by Fitch.

The credit ratings for other institutions are outlined overleaf:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)**b) Credit Risk (continued)**

	Moody's 31 December 2013	Moody's 31 December 2012
BNP Paribas	A2	Aa3
Citibank, London	Baa2	Aaa
HSBC Bank Plc, London	Aa3	Aa3
HSBC Bank Plc, Singapore	Aa3	Aa3

For cash accounts, funds deposited are liabilities of the banks, creating a debtor-creditor relationship between the bank and the Company. Cash accounts opened on the books of Brown Brothers Harriman & Co. are obligations of Brown Brothers Harriman & Co. while cash accounts opened on the books of a sub-custodian (agency accounts) are obligations of the sub-custodian.

Accordingly, while Brown Brothers Harriman & Co. is responsible for exercising reasonable care in the administration of agency cash accounts, it is not liable for their repayment in the event the sub-custodian, by reason of its bankruptcy, insolvency or otherwise, fails to make repayment.

Brown Brothers Harriman Trustee Services (Ireland) Limited, or its agent, performs both initial and ongoing due diligence on the sub-custodians in its global custody network. Such reviews include an assessment of the sub-custodian's financial strength and general reputation and standing and, at a minimum, meet the due diligence requirements established by applicable law. The financial analysis is focused on the sub-custodian bank's capital adequacy, asset quality, financial flexibility and strength, management expertise, earnings, and liquidity as key indicators of its financial standing in the market. These reviews are not audits.

The Company invests in equity securities and has limited or no exposure to credit risk on its investments. However the Company has exposure to credit risk on any cash balances and forward foreign exchange positions held for share class currency hedging purposes. The notional amount as at 31 December 2013 was USD6,591,594 (USD5,777,152: 31 December 2012).

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company is exposed to daily cash redemptions of Redeemable Participating Shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Company's listed securities are considered readily realisable as they are listed on a stock exchange or dealt in on another regulated market. Some of the Recognised Exchanges in which the Company may invest may be less well regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Company may liquidate positions to meet redemption requests or other funding requirements.

In addition, the Company's policy is to maintain sufficient cash to meet normal operating requirements and expected redemption requests. The Company has the ability to borrow in the short term to ensure settlement of potential daily cash redemptions of redeemable participating shares. No such borrowings have arisen during the year ending 31 December 2013 and 31 December 2012.

In accordance with the Company's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and the Board of Directors reviews it on a quarterly basis.

The tables overleaf analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables overleaf are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

c) Liquidity Risk (continued)

31 December 2013

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Redemptions payable	686,837	–	686,837
Other Payables	–	781,123	781,123
Redeemable Participating Shares	68,841,023	–	68,841,023
Total	69,527,860	781,123	70,308,983
<i>Forward foreign currency exchange contracts</i>			
Payables	2,517,923	–	2,517,923
Receivables	(2,480,287)	–	(2,480,287)
Net	37,636	–	37,636
Total	69,565,496	781,123	70,346,619

31 December 2012

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Other Payables	–	612,217	612,217
Redeemable Participating Shares	74,243,344	–	74,243,344
Total	74,243,344	612,217	74,855,561
<i>Forward foreign currency exchange contracts</i>			
Payables	5,769,654	–	5,769,654
Receivables	(5,777,215)	–	(5,777,215)
Net	(7,561)	–	(7,561)
Total	74,235,783	612,217	74,848,000

d) Fair Value Estimation

The Company has adopted FRS 29 which established a three-tier hierarchy to prioritise the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

The fair value hierarchy has the following levels:

(i) Level 1: Investments, whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. Quoted prices for these instruments are not adjusted.

(ii) Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(iii) Level 3: Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value requires significant management judgment or estimation. As observable prices are not available for these securities, a Fund would use valuation techniques to derive fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the financial asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Directors in consultation with the Investment Manager. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

When fair values of listed equity as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long position and ask price of short positions), without any deduction for transaction cost, the instruments are included within level 1 of the hierarchy.

The fair values of forward currency exchange contracts are calculated by reference to the current exchange rates for contract with similar maturity risk profile.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table provides an analysis within the fair value hierarchy of the Company’s financial assets and liabilities measured at fair value at 31 December 2013 and 31 December 2012:

As at 31 December 2013

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	68,367,293	265,568	–	68,632,861
Forward foreign currency contracts	–	116,864	–	116,864
Total Assets	68,367,293	382,432	–	68,749,725

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(37,636)	–	(37,636)
Total Liabilities	–	(37,636)	–	(37,636)

As at 31 December 2012

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	73,572,394	–	–	73,572,394
Forward foreign currency contracts	–	12,957	–	12,957
Total Assets	73,572,394	12,957	–	73,585,351

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(5,709)	–	(5,709)
Total Liabilities	–	(5,709)	–	(5,709)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)**d) Fair Value Estimation (continued)**

The following table presents the transfers between levels for the investments held at 31 December 2013 and 31 December 2012:

	Level 1 USD	Level 2 USD	Level 3 USD
Transfers between Level 1 and 2 :			
Equity Securities	(265,568)	265,568	–

Fund has held no Level 3 investments during the year (Nil: 31 December 2012).

The transfer from level 1 to level 2 was the result of a change in pricing of one equity security. The security is a Thai security, normally quoted on a division of the market reserved for foreign holders, but which is occasionally priced using prices from the domestic market when prices from the foreign market are not available.

Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

15. Portfolio Analysis

As at 31 December 2013	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	68,632,861	97.56
Financial derivative instruments (Forward Foreign Currency Contracts)	79,228	0.11
Net financial assets at fair value through profit or loss	<u>68,712,089</u>	<u>97.67</u>

As at 31 December 2012	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	73,572,394	99.10
Financial derivative instruments (Forward Foreign Currency Contracts)	7,248	0.01
Net financial assets at fair value through profit or loss	<u>73,579,642</u>	<u>99.11</u>

16. Significant Events during the Year

A fourth addendum to the Prospectus was noted on 28 June 2013 and a revised fourth addendum was noted on 12 July 2013 by the Central Bank to incorporate the following:

- a) The launch of the Class U Sterling (Unhedged) Distributing Share Class, and:
- b) The Fund has increased the dealing frequency from weekly dealing to daily dealing.

17. Events since the Year End

A new Prospectus was noted by the Central Bank on 17 February 2014 to incorporate changes to administration and custody fees.

18. Approval of Financial Statements

The report and audited financial statements were approved by the Directors on 15 April 2014.

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO

In accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) a statement of changes in the composition of the portfolio during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. These statements present the aggregate purchases and sales of transferable securities exceeding 1% of the total value of purchases and sales for the year. At a minimum the largest 20 purchases and 20 sales must be given.

Major Purchases for the year ended 31 December 2013

Security Description	Acquisitions Nominal	Cost USD
Hotel Shilla Co. Ltd.	51,200	2,972,687
Travelsky Technology Ltd.	3,550,000	2,472,672
Malayan Banking Bhd.	800,000	2,457,143
Cheung Kong Holdings Ltd.	156,000	2,149,002
BHP Billiton Ltd.	59,000	2,136,866
UEM Sunrise Bhd.	2,300,000	2,065,818
Beijing Capital International Airport Co. Ltd.	2,770,000	1,961,003
SINA Corp.	29,000	1,957,122
Sun Hung Kai Properties Ltd.	148,000	1,907,506
Delta Electronics, Inc.	340,000	1,858,815
Hankook Tire Co. Ltd.	33,000	1,830,509
Skyworth Digital Holdings Ltd.	3,200,000	1,828,448
Sands China Ltd.	320,000	1,828,436
Esprit Holdings Ltd.	1,000,000	1,822,587
Ping An Insurance Group Co. of China Ltd.	214,000	1,783,067
Coway Co. Ltd.	35,000	1,742,561
Mesoblast Ltd.	310,000	1,719,985
Sinopharm Group Co. Ltd.	580,000	1,699,418
Magnum Bhd.	1,450,000	1,697,058
Regis Resources Ltd.	355,000	1,623,177
Baidu, Inc.	15,600	1,599,482
Resolute Mining Ltd.	1,100,000	1,594,691
Giant Interactive Group, Inc.	183,000	1,571,068
Zijin Mining Group Co. Ltd.	7,350,000	1,514,864
Johnson Electric Holdings Ltd.	1,800,000	1,484,718
Brilliance China Automotive	1,100,000	1,474,618
China Shenhua Energy Co-H	570,000	1,459,339
China Resources Power Holdings	600,000	1,458,516
Huaneng Power International, Inc.	1,500,000	1,449,963
Philippine National Bank	780,000	1,410,426
Gamuda Bhd.	830,000	1,336,474
China Shipping Container	4,300,000	1,266,927
China Shipping Development	2,100,000	1,244,153
Gcl Poly Energy Holdings	5,000,000	1,227,650

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO (CONTINUED)

Major Purchases for the year ended 31 December 2013 (continued)

Security Description	Acquisitions Nominal	Cost USD
NCSOFT Corp.	6,600	1,198,847
Jiangsu Expressway Co. Ltd.	1,062,000	1,176,637
YY, Inc.	40,000	1,129,100
China Life Insurance Co-H	320,000	1,101,329
Korea Electric Power Corp.	37,000	1,086,578
NAVER Corp.	1,900	1,068,793
VN Direct Securities Corp.	2,200,000	985,472
Malaysia Airports Holdings Bhd.	430,000	852,259
Siam Cement PCL	50,000	795,998
LOTTE Himart Co. Ltd.	11,700	795,345
Cosco Capital, Inc.	3,000,000	744,857

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO (CONTINUED)

Major Sales for the year ended 31 December 2013

Security Description	Disposals Nominal	Proceeds USD
Jasmine International PCL	17,000,000	3,516,552
Sun Hung Kai Properties Ltd.	252,000	3,512,833
Chipbond Technology Corp.	1,280,000	3,115,796
Universal Robina Corp.	1,115,000	2,977,785
Metro Pacific Investments Corp.	23,750,000	2,805,180
Zijin Mining Group Co. Ltd.	10,290,000	2,640,838
Manila Electric Co.	340,000	2,615,987
Samsung Electronics Co. Ltd.	1,950	2,543,518
Malayan Banking Bhd.	800,000	2,496,430
Minor International PCL	3,300,000	2,269,268
Sands China Ltd.	320,000	2,269,109
Alliance Global Group, Inc.	4,120,000	2,220,782
Pruksa Real Estate PCL	2,700,000	2,158,888
China Mobile Ltd.	188,000	2,048,081
BDO Unibank, Inc.	1,030,003	2,046,295
Tisco Financial Group PCL - Foreign	1,474,000	1,979,817
BTS Group Holdings PCL	8,100,000	1,950,879
UEM Sunrise Bhd.	2,300,000	1,939,712
Standard Chartered PLC	80,000	1,920,232
YY, Inc.	40,000	1,916,032
KT Corp.	105,000	1,822,727
China Shenhua Energy Co-H	570,000	1,786,740
Lippo Karawaci Tbk PT	12,500,000	1,696,583
Shun Tak Holdings Ltd.	3,700,000	1,680,395
Mesoblast Ltd.	310,000	1,647,669
Philippine National Bank	780,000	1,566,268
Siam Cement PCL	110,000	1,558,354
GS Home Shopping, Inc.	7,500	1,536,996
Gcl Poly Energy Holdings	5,000,000	1,455,266
China Resources Power Holdings	600,000	1,370,275
Daewoo International Corp.	38,000	1,294,970
Bangkok Bank PCL - NVDR	200,000	1,293,850
Regis Resources Ltd.	355,000	1,236,583
Haier Electronics Group Co. Ltd.	436,000	1,235,458
Brilliance China Automotive	1,100,000	1,234,985
LG Uplus Ltd.	160,000	1,146,630
China Shipping Development	2,100,000	1,112,356
STX OSV Holdings Ltd.	1,000,000	1,068,748
Gamuda Bhd.	830,000	1,054,395

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO (CONTINUED)

Major Sales for the year ended 31 December 2013 (continued)

Security Description	Disposals Nominal	Proceeds USD
China Shipping Container	4,300,000	1,051,298
Hotel Shilla Co. Ltd.	19,000	1,023,168
BHP Billiton Ltd.	29,000	987,437
Newcrest Mining Ltd.	56,000	981,107
Telekomunikasi Indonesia Persero Tbk PT	900,000	962,198
Resolute Mining Ltd.	1,100,000	908,019
LOTTE Himart Co. Ltd.	11,700	907,576
Korea Electric Power Corp.	37,000	904,396

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

David Hammond* (Irish)
Heather Manners (British)
Anthony Morris (British)(Alternate Director)
Richard Hayes* (Irish)
*Independent of the investment manager

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