

PRUSIK ASIA FUND PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 December 2007

(Prusik Asia Fund Plc is an open-ended investment company with variable capital incorporated in Ireland with registration number 407740)

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Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Background of the Company

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 2006 and authorised by the Financial Regulator (the "Financial Regulator"), as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, 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 Financial Regulator, may create additional Share Classes as the Directors may deem appropriate.

The Company commenced trading on 7 October 2005. Shares are available to investors in the Company as shares in Class A Dollar Non-Distributing Class, Class B Dollar Distributing Class and Class C Sterling Distributing Class. Class A Dollar Non-Distributing Class and Class B Dollar Distributing Class commenced trading on 7 October 2005. Class C Sterling Distributing Class commenced trading on 14 July 2006. Further classes of shares may be issued on advance notification to the Financial Regulator.

Citi Fund Services (Ireland), Limited (the "Administrator") determines the net asset value per share of each Class of the Company weekly on each Friday ("dealing day") providing that dealing day is a business day, or if such day is not a business day, on the following business day. The valuation point is 11.00 am (Irish time) on each dealing day. Effective 1 August 2007, the Investment Services Division of The BISYS Group, Inc ("BISYS") has been acquired by, and is now a wholly owned subsidiary of, Citibank N.A. As a result BISYS Fund Services (Ireland) Limited changed its name to Citi Fund Services (Ireland), Limited.

The most recent Prospectus of the Company is dated 29 September 2005. There are 2 addendums to the Prospectus, dated 25 April 2007 and 21 February 2008.

Prusik Asia Fund

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 a 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% 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 10% of its Net Asset Value.

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 ("OTC") 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 (BB- or higher) 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. 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 Financial Regulator. These techniques and instruments include but are not

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Background of the Company (continued)

Prusik Asia Fund (continued)

limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stocklending 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 Exchanges and in cash deposits.

Audited annual reports and unaudited semi-annual reports are available to the public at the registered office of the Company and are sent to shareholders at their registered addresses by post.

The complete statement of changes in the composition of the portfolio will be made available to shareholders on request free of charge.

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Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2007.

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland.

Irish company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of Prusik Asia Fund plc (the "Company") and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the 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 enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006. 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.

In addition to the Company law requirements, as an investment company with variable capital, the Company is required to comply with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended, and related Financial Regulator Notices and it is the Directors' responsibility to ensure that these regulations are adhered to by the Company.

Books of Account

The measures taken by the Directors to secure compliance with Company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of accounts are kept at Citi Fund Services (Ireland), Limited, 1 North Wall Quay, Dublin 1, Ireland.

Principal Activities

The Company is organised as an investment company with variable capital under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2006, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended.

Review of development of the business and future developments

Over the twelve month period ending 31 December 2007, the Prusik Asia Fund Plc (the "Company") Class A Dollar Non-Distributing Class returned 21.80%, underperforming the Morgan Stanley Capital International AC Asia Pacific Ex Japan Index (the "Index") which returned 33.31%.*

*Source Bloomberg.

Risk management objectives and policies

The investment objective of the Company, as detailed on page 2, is to engineer capital growth primarily by investing in companies operating in the Asian region. Investment in the Company carries with it a degree of risk including, but not limited to, the risks referred to in Note 11 of these financial statements.

Results

The results for the year are stated on page 12 of the financial statements. Particulars relating to distributions and the issue and redemption of shares are set out on page 13 of the financial statements.

Events Since Year End

There have been no significant events since the year end.

Prusik Asia Fund Plc

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Directors' Report (continued)

Directors

The names of the persons who were Directors at any time during the period ended 31 December 2007 are set out below.

Heather Manners

Richard Hayes

David Hammond (appointed 6 December 2007)

Ronan Daly (resigned 6 December 2007)

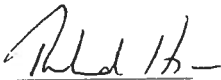
Directors' Interests

Details of the Directors or the Company Secretary holdings in the shares of the Company as at 31 December 2007 are included in Note 4. "Significant Agreements and Related Party Transactions". Heather Manners is Chief Investment Officer of the Investment Manager. David Hammond is a director of Bridge Consulting, who act as business advisors to the Company.

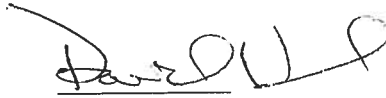
Auditors

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

On behalf of the Board:



Director



Director

16 April 2008

Prusik Asia Fund Plc

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Investment Manager's Report

Over the twelve month period ending 31 December 2007, the Prusik Asia Fund Plc (the "Company") Class A Dollar Non-Distributing Class returned 21.80%, underperforming the Morgan Stanley Capital International AC Asia Pacific Ex Japan Index (the "Index") which returned 33.31%.

2007 saw Asian markets hit record highs but also experience record levels of volatility; 20% moves both up and down were common place, sometimes within a matter of weeks. We think that this rise in volatility was largely induced by three factors.

1. A growing realisation, globally, that all was not well in the Western economies, in particular in Western banking systems.
2. An increasing acceptance by investors of Asia's growth potential in the context of a slowdown in the West which generated huge inflows into what are, still, due to a low free float, relatively illiquid markets.
3. Increasing uncertainty as to Asia's ability to withstand the knock on effects of a slowdown in the West.

In the first half of the year, rising investor appetite for the region drove the majority of the Company's investments up to valuation levels which we felt were unsustainable. Broadly, these investments were replaced by cash over the summer as we exited positions which were above our target prices and felt that there was a dearth of alternative opportunities available at the right price. This view was vindicated in late summer when factors 1 and 3 combined to drive Asian markets down over 18%. At this stage, the Company stood out as one of the best performers across most strategies in Asia. Increasingly desperate action from the Federal Reserve induced another surge of buying into Asia, factor 2 again, before more evidence of the malaise in the West caused Asian markets to drop sharply again at the end of the year.

The level to which valuations in Asia were pushed at certain points in the year was, at times, breathtaking. Plenty of copy was written about 'new paradigms' to justify stock market levels. Given the absolute return mandate of the Company and the Investment Managers' experience of previous periods of Asian market euphoria, we felt a return of 21.8% for the year was satisfactory. This return was achieved with volatility almost half that of the underlying markets.

In the first half of the year, our thematic thinking drew us to the industries linked to alternative energy, Asian infrastructure, (notably power transmission), food, coal, gold and some domestic brand names.

Korean and Chinese capital goods manufacturers performed very strongly in the first half of the year as order books soared to meet largely Asian demand for infrastructure. Valuations became overly inflated. As a result, by the close of the year, the bulk of our infrastructure exposure was to India. The Korean investments were all sold on the basis that order books also contained significant exposure to Western demand. As question marks grew over the year as to the sustainability of this demand, we invested in largely domestically driven Indian engineering companies.

Alternative energy as a theme became by the summer extremely popular with the general investment community. This drove valuations up to extreme levels and again we were happy sellers. We even exited one of our most favoured Korean companies, Korea Cottrell, which had risen over five times since we became the first foreign investor in November 2005.

Food prices rose dramatically over the year, none more so than in China. However, this continued to be a theme to which it was hard to find satisfactory exposure. This is normally a sign that an investment idea has plenty more life left in it. This was a point proved at the end of the year when our holdings in palm oil companies and upstream food processors rose sharply.

The region's insatiable demand for power and ongoing supply constraints sent coal prices soaring. We remain invested in Australian and Indonesian coal miners even though they performed well over the year.

Domestic brand names, including telecoms, continued to rise. Investing in the Asian consumption story is not a new phenomenon and we struggle with some of the share price valuations at which some of the region's more famous brands trade. Nevertheless, sales figures continue to surprise on the upside even after three very strong years.

Prusik Asia Fund Plc

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Investment Manager's Report (Continued)

Finally gold, although Asian demand for the metal has boosted the price a little, gold still remains, in our view, a beneficiary of the now desperate attempts to reflate the western economies. We remain heavily weighted in Australian and Chinese miners. Chinese reserves continue to surprise on the upside.

The outlook for Asia remains robust. We think that the continued momentum of public and private expenditure not just in India and China but also across the region will offset much of the expected export slowdown driven by the West. Nevertheless, the continued uncertainty on growth in America and Europe appears only to be increasing. We therefore do not expect to see volatility in the region's stock markets fall in the near term.

The thematic approach continues to guide us to industries which are more insulated than most from the bleak picture in the West. As a result, we feel that the Company's investment process is well suited to both weather and profit from the current climate.

Thank you to all our shareholders for their continued support.

Prusik Investment Management LLP

16 April 2008

Prusik Asia Fund Plc

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Report of the Custodian

Report of the Custodian to the Shareholders

We have enquired into the conduct of the Prusik Asia Fund plc ('the Company') for the year ended 31 December 2007, in our capacity as Custodian to the Investment Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Financial Regulator's UCITS Notice 4 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 Board of Directors and Custodian

The Board of Directors has the primary responsibility for ensuring that the Company complies with the terms of the UCITS Regulations and the Company's constitutional documentation.

The Custodian enquires into the conduct of the Company, in each annual accounting period and reports thereon to the shareholders.

The Custodian's report shall state whether in its opinion the Company has been managed, in all material respects, in that period, in accordance with its constitutional documentation and the appropriate regulations.

If the Company has not complied, in all material respects, with its constitutional documentation or the appropriate regulations, the Custodian must state why this is the case and outline the steps which it has taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts its reviews, on a test basis, to ensure that it adheres to the duties outlined in UCITS Notice 4 and to ensure that the Company is managed in all material respects in accordance with its constitutional documentation and the appropriate regulations.

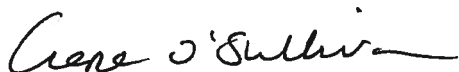
The Custodian ensures, on a test basis, that the Company complies with the limitations imposed on investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations.

Opinion

In our opinion, Prusik Asia Fund Plc 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 and the Custodian by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 ('the Regulations'); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.



For and on Behalf of
Brown Brothers Harriman Trustee Services (Ireland) Limited
Date: 16 April 2008

Independent Auditors' Report to the Members of Prusik Asia Fund Plc

We have audited the financial statements of Prusik Asia Fund Plc (the "Company") for the year ended 31 December 2007 which comprise Balance Sheet, Income Statement, and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

The Directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland, as set out in the Statement of Directors' Responsibilities.

The Directors are also responsible for preparing a Schedule of Investments in accordance with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) Notices (the "UCITS Notices") issued by the Irish Financial Services Regulatory Authority (the "Financial Regulator").

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). We also report to you our opinion as to whether proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Schedule of Investments has been prepared in accordance with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) Notices (the "UCITS Notices") issued by the Irish Financial Services Regulatory Authority (the "Financial Regulator") and we report if it does not.

Independent Auditors' Report to the Members of Prusik Asia Fund Plc (continued)

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises of Background to the Company, the Directors' Report, the Investment Manager's Report and the Report of the Custodian. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 affairs of the Company as at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2006, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

We have obtained all the information and explanations 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.

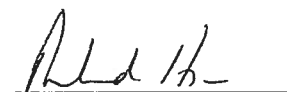

Ernst & Young
Registered Auditors
22 April 2008

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

BALANCE SHEET

	As at Note 31 December 2007	As at 31 December 2006
	USD	USD
Current Assets:		
Financial Assets, at cost	246,273,575	136,474,820
Financial Assets, at fair value through profit or loss	266,535,206	150,636,860
Cash	5 193,017,528	39,227,423
Dividends and Interest receivable	253,024	95,812
Receivable for issuance of redeemable participating shares	384,549	-
Other Assets	72,504	70,087
Total Assets:	460,262,811	190,030,182
Liabilities (amounts falling due within one year):		
Financial Liabilities, at fair value through profit or loss	1,169,189	-
Payable for Investments purchased	38,412,090	5,553,332
Payable for redemption of redeemable participating shares	10,591,211	-
Accrued Expenses:		
Investment Management Fees	4 523,473	246,735
Performance Fees	4 5,819,080	2,226,168
Equalisation Payable	4 2,386,977	2,353,951
Administration Fees	4 7,218	7,056
Custody Fees	80,728	25,689
Audit Fees	38,974	28,868
Directors' Fees	4 48,092	49,217
Other Fees	25,738	26,254
Liabilities (excluding Net assets attributable to holders of redeemable participating shares)	59,102,770	10,517,270
Net assets attributable to holders of redeemable participating shares	401,160,041	179,512,912
Class A Dollar Non-Distributing Class		
Net Assets	USD 260,535,337	USD 94,937,178
Outstanding redeemable participating shares	1,470,698	652,865
Net Asset Value per share	USD 177.15	USD 145.42
Class B Dollar Distributing Class		
Net Assets	USD 78,645,521	USD 51,804,323
Outstanding redeemable participating shares	443,847	356,248
Net Asset Value per share	USD 177.19	USD 145.42
Class C Sterling Distributing Class		
Net Assets	GBP 30,955,503	GBP 16,706,865
Outstanding redeemable participating shares	324,503	213,015
Net Asset Value per share	GBP 95.39	GBP 78.43



Director

Date: 16 April 2008



Director

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

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

INCOME STATEMENT

For the year ended 31 December 2007

	Note	31 December 2007 USD	31 December 2006* USD
Investment Income:			
Dividend Income	2	5,425,786	1,058,587
Withholding Tax		(830,837)	(65,862)
Interest Income		4,650,838	552,724
Net realised gains on Financial Assets and Liabilities at fair value through profit or loss		69,453,844	14,355,414
Movement in net unrealised gains on Financial Assets and Liabilities at fair value through profit or loss		4,739,503	14,160,526
Total Income:		83,439,134	30,061,389
Expenses:			
Investment Management Fees	4	5,142,277	1,044,032
Performance Fees	4	6,747,198	2,496,229
Administration Fees	4	88,203	102,081
Custody Fees	4	279,491	139,420
Audit Fees		38,974	28,868
Directors' Fees	4	45,849	49,217
Legal Fees		46,794	28,287
Listing Fees		14,484	13,531
Printing Fees		5,851	1,295
Registration Fees		3,014	10,045
Miscellaneous Fees		85,528	57,211
Transaction Costs	2	10,292,287	2,682,433
Total Expenses		22,789,950	6,652,649
Net Profit		60,649,184	23,408,740

Director

Date: 16 April 2008

Director

*for the period from 7 October 2005 (date of commencement of operations) to 31 December 2006

Gains and losses arise solely from continuing operations. There were no gains or losses other than those reflected above.

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

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements

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

For the year ended 31 December 2007

	Note	31 December 2007 USD	31 December 2006* USD
Net Profit		60,649,184	23,408,740
Capital Share Transactions of redeemable participating shares:			
Proceeds from issuance of redeemable participating shares	3	224,799,173	169,360,558
Equalisation on issuance of redeemable participating shares	3	(33,026)	(2,353,951)
Payments on redemption of redeemable participating shares	3	(63,768,202)	(10,902,435)
Net increase from capital shares transactions of redeemable participating shares		160,997,945	156,104,172
Net increase in Net assets attributable to holders of redeemable participating shares		221,647,129	179,512,912
Net assets attributable to holders of redeemable participating shares at the beginning of the year		179,512,912	-
Net assets attributable to holders of redeemable participating shares at the end of the year		401,160,041	179,512,912

*for the period from 7 October 2005 (date of commencement of operations) to 31 December 2006

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

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Annual Report and Audited Financial Statements

Notes to the Financial Statements

1. THE COMPANY

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 2006 and authorised by the Financial Regulator (the "Financial Regulator"), as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended ("UCITS Regulations").

The Company commenced trading on 7 October 2005. Shares are available to investors in the Company as shares in Class A Dollar Non-Distributing Class, Class B Dollar Distributing Class and Class C Sterling Distributing Class. Class A Dollar Non-Distributing Class and Class B Dollar Distributing Class commenced trading on 7 October 2005. Class C Sterling Distributing Class commenced trading on 14 July 2006. Further classes of shares may be issued on advance notification to the Financial Regulator.

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

2. ACCOUNTING POLICIES

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

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statutes comprising the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB").

The format and certain wordings of the financial statements have been adapted from those contained in the Companies (Amendment) Act, 1986 and FRS 3 "Reporting Financial Performance" so that, in the opinion of the Directors, they may more appropriately reflect the nature of the Company's business as an investment fund. The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a cash flow statement.

The Company has adopted FRS 29 Financial Instruments: Disclosure, which applies to entities with accounting periods commencing on or after 1 January 2007. FRS 29 has required the provision of additional information of the Company's material risks and how the Company manages these risks and certain additional disclosure requirements to the Balance Sheet and Income Statement. Details relating to FRS29 are in note 11.

FINANCIAL INSTRUMENT MEASUREMENT

(i) Classification

In accordance with FRS26, the Company designated all its assets and liabilities as Financial Assets and Liabilities at fair value through profit or loss. The category of Financial Assets and Liabilities at fair value through profit or loss is further subdivided into:-

Financial assets and liabilities held for trading

These include equities 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. Derivatives are held for trading as the Company does not designate any derivatives as hedges in a hedging relationship.

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

These include Financial Assets or 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.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

2. ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENT MEASUREMENT (continued)

(ii) Initial Measurement

Purchases and sales of financial instruments are accounted for at trade date. Realised gains and losses on disposals of financial instruments are calculated using the FIFO ("first in first out") method. 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 Income Statement.

(iii) Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as 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 at last bid prices at the valuation point.

If a quoted market price is not available on a recognised stock exchange or from a broker/counterparty, the fair value of the financial instruments may be estimated by the directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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 and the equity linked securities, as at 31 December 2007 and 31 December 2006, the Company did not hold any derivative instruments.

Forward Foreign Exchange Contracts

Forward foreign exchange 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 a new forward contract of the same size and maturity could be undertaken. The forward foreign exchange contracts held by the Company as at 31 December 2007 are included in the Portfolio of Investments.

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 listed or traded on a Recognised Exchange, in accordance with listed securities above. As at 31 December 2007 and 31 December 2006, the Company did not hold any units in collective investment schemes.

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

2. 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 Income Statement in the period which they arise. Dividends are credited to the Income Statement on the dates on which the relevant securities are listed as "ex-dividend". Interest income is accrued on a daily basis. Income is shown gross of non-recoverable withholding tax.

DISTRIBUTIONS PAYABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

UK Distributor Status was received from HM Revenue & Customs for the period ended 2006. The Directors propose to distribute at least 85 per cent of the net investment income of the Class B Dollar Distributing Class and the Class C Sterling Distributing Class of the Company and intend that the Company will apply to the HM Revenue & Customs in the UK for Distributor Status, for the year ended 2007. 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 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 2007 and 31 December 2006, 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 of the its primary assets and the currency in which shareholder transactions take place (the "functional currency"). This is U.S. Dollars. The Company's reporting currency is U.S. Dollars.

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 Income Statement in determining the result for the period.

EXPENSES

All expenses, including Investment Management fees and Performance fees, are recognised in the Income Statement on an accrual basis.

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.

3. SHARE CAPITAL

AUTHORISED

The authorised capital of the Company is EURO 300,000 divided into 300,000 Non-Participating Shares of EURO 1 each and 500 Billion redeemable shares of no par value.

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

3. SHARE CAPITAL (continued)

NON-PARTICIPATING SHARES

There are currently 300,000 Subscriber Shares in issue. Prusik Investment Management LLP (the "Investment Manager") and Edward Buckley (principle of the Investment Manager) hold 299,999 and 1 subscriber shares, respectively, in the Company. The Subscriber Shares do not form part of the net asset value 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 net asset value of the Company. Redeemable participating shares ("shares") are redeemable at the shareholder's option and are classified as Financial Liabilities under FRS 25 as they can be redeemed at the option of the shareholder.

REDEEMABLE PARTICIPATING SHARE TRANSACTIONS

The movement in the number of redeemable participating shares for the year ended 31 December 2007 is as follows:

	Class A Dollar Non-Distributing Class		Class B Dollar Distributing Class	
	Shares	USD	Shares	USD
At the beginning of the year	652,865	85,577,232	356,248	42,628,852
Issued	1,074,319	174,297,155	170,850	27,310,569
Equalisation	-	(198,818)	-	379,439
Redeemed	(256,486)	(45,258,467)	(83,251)	(15,192,451)
At the end of the year	<u>1,470,698</u>	<u>214,417,102</u>	<u>443,847</u>	<u>55,126,409</u>

	Class C Sterling Distributing Class	
	Shares	USD
At the beginning of the year	213,015	27,898,086
Issued	131,898	23,191,449
Equalisation	-	(213,647)
Redeemed	(20,410)	(3,317,284)
At the end of the year	<u>324,503</u>	<u>47,558,604</u>

The movement in the number of redeemable participating shares for the period ended 31 December 2006 is as follows:

	Class A Dollar Non-Distributing Class		Class B Dollar Distributing Class	
	Shares	USD	Shares	USD
At the beginning of the period	-	-	-	-
Issued	665,978	89,065,847	427,176	52,339,948
Equalisation	-	(1,663,782)	-	(641,485)
Redeemed	(13,113)	(1,824,833)	(70,928)	(9,069,611)
At the end of the period	<u>652,865</u>	<u>85,577,232</u>	<u>356,248</u>	<u>42,628,852</u>

	Class C Sterling Distributing Class	
	Shares	USD
At the beginning of the period	-	-
Issued	213,085	27,954,761
Equalisation	-	(48,684)
Redeemed	(70)	(7,991)
At the end of the period	<u>213,015</u>	<u>27,898,086</u>

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

3. SHARE CAPITAL (continued)

REDEEMABLE PARTICIPATING SHARE TRANSACTIONS (continued)

Application for redemption of participating shares may be submitted prior to 5.00pm 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, at the net asset value per share based on last traded prices.

Holders of Participating Shares 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 Net Asset Value per share of the Company.

4. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTION

INVESTMENT MANAGEMENT FEES

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

Each Share Class pays a management fee as below, subject to the terms and conditions of the Prospectus:

Class A Dollar Non-Distributing Class	1.50%
Class B Dollar Distributing Class	1.50%
Class C Sterling Distributing Class	1.50%

In addition, the Investment Manager shall be entitled to be reimbursed by the Company for its out-of-pocket expenses. Details of the Investment Management fees charged to the Company and payable at the end of the period are included in the Income Statement and Balance Sheet respectively.

PERFORMANCE FEE / EQUALISATION

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 each Calculation Period, the Performance Fee in respect of each Share 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 Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fees.

Equalisation arises if shares are subscribed for at a time when the Net Asset Value per Share is greater than the Peak Net Asset Value per Share for performance fee calculation purposes, the investor will be required to pay an amount in excess of the then current Net Asset Value per Share equal to 10% of the difference between the then current Net Asset Value per Share (before accrual for the Performance Fee) and the Peak Net Asset Value per Share (an "Equalisation Credit").

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% over a calculation period.

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus.

Details of the Performance Fee and Equalisation Credit charged to the Company and payable at the end of the period are included in the Income Statement, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and Balance Sheet, respectively.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

4. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS (continued)

ADMINISTRATOR FEES

During the period the Company paid the Administrator fees ranging from 0.01% to 0.015% (plus VAT, if any) per annum of the Net Asset Value of the Company and subject to a minimum of USD 80,000 per annum with an additional Share Class fee of USD 7,800.

The Administrator's fees will be accrued at each Valuation Point and will be payable monthly in arrears. Details of the Administrator fees charged to the Company and payable at the end of the period are included in the Income Statement and Balance Sheet, respectively.

CUSTODIAN FEES

The Company will pay Brown Brothers Harriman Trustee Services (Ireland) Limited, (the "Custodian") a trustee fee of 0.02% of the Net Asset Value of the Company. The Custodian will also receive a custody fee ranging from 0.01% to 0.09% calculated by reference to the market value of the investments that the Company may make in each relevant market. The Custodian fees are payable monthly in arrears, subject to a minimum charge of USD 36,000 per annum. Details of the Custodian fees charged to the Company and payable at the end of the period are included in the Income Statement and Balance Sheet, respectively.

DIRECTORS

Heather Manners is Chief Investment Officer of the Investment Manager. Ronan Daly is President of Citi Hedge Fund Services (Ireland), Limited (formerly BISYS Hedge Fund (Ireland) Limited), a sister company of the Administrator. Ronan Daly resigned as a Director on 6 December 2007. David Hammond was appointed as a Director of the Company, effective 6 December 2007. David Hammond is a partner in the law firm of Dillon Eustace which earned fees of USD 40,912 for the year (2006: USD 17,771) and a director of Bridge Consulting, which earned fees of USD 41,441 for the year (2006: USD 49,134), a financial services consultancy and business advisory firm.

The Directors of the Company shall be entitled to a fee in remuneration for their services at a rate determined by the Directors up to a maximum fee per Director of Euro 10,000 (plus VAT, if any) for the period. In addition the Directors may be entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Details of the Directors fees charged to the Company and payable at the end of period are included in the Income Statement and Balance Sheet, respectively.

All transactions which the Company has entered into with related parties, Directors of the Company or any party in which a Director has a material interest has been made in the ordinary course of business and on normal commercial terms.

DIRECTORS & RELATED PARTIES INTERESTS

The following Directors and related parties held shares in the Company as at 31 December 2007.

Prusik Asia Fund	Shares	Class
Heather Manners	5,657	Class C Sterling Distributing Class
Richard Hayes (held through : Davy Crest Nominee Account 0120001)	2,071	Class A Dollar Non-Distributing Class
David Hammond (Family members)	933	Class A Dollar Non-Distributing Class
Prusik Investment Management LLP	4,038	Class C Sterling Distributing Class

The following Directors held shares in the Company as at 31 December 2006.

Prusik Asia Fund	Shares	Class
Heather Manners	5,621	Class C Sterling Distributing Class
Richard Hayes (held through : Davy Crest Nominee Account 0120001)	731	Class A Dollar Non-Distributing Class
Prusik Investment Management LLP	4,038	Class C Sterling Distributing Class

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

5. CASH AT BANK

All cash balances were held under the control of the Custodian for the periods ended 31 December 2007 and 31 December 2006.

6. 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:

- i) 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
- ii) certain exempted Irish resident 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.

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.

7. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions by or through the agency of another person with whom the Investment Manager has an arrangement under which that party will, from time to time, provide to or procure for the Investment Manager goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the Company.

During the years ending 31 December 2007 and 31 December 2006, there were no soft commission transactions.

8. 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 futures, options, swaps, warrants, and forward currency contracts. Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Company. The Company may also employ techniques and instruments intended to provide protection against exchange risk in the context of the management of its assets and liabilities. As at 31 December 2007 and 31 December 2006 the Company did not hold any such instruments for the purposes of efficient portfolio management, apart from forward currency contracts held with the Custodian.

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

9. EXCHANGE RATES

The functional and reporting currency of the Company is U.S. Dollars. The Company prepares its valuation in U.S. Dollars

The following exchange rates have been used to translate assets and liabilities in currencies other than U.S. Dollar as at:

<u>31 December 2007</u>	<u>For USD 1.00</u>	<u>31 December 2006</u>	<u>For USD 1.00</u>
Australian Dollar	1.1390	Australian Dollar	1.2672
Euro	0.6796	Euro	0.7584
Great British Pound	0.4995	Great British Pound	0.5098
Hong Kong Dollar	7.7983	Hong Kong Dollar	7.7746
Indian Rupee	39.4085	Indonesian Rupiah	8,994
Indonesian Rupiah	9.393	Indian Rupee	44.2765
Korean Won	936.15	Korean Won	931
Malaysian Ringgit	3.3070	Malaysian Ringgit	3.5313
Singapore Dollar	1.4369	Singapore Dollar	1.5331
Thai Baht	33.805	Thai Baht	35.925
Taiwan Dollar	32.436	Taiwan Dollar	32.609

10. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objectives set out in the Prospectus, the Company may hold a number of financial instruments. These comprise:

- Equity securities, convertible bonds, depository receipts, and warrants plus other securities such as investment grade fixed or floating rate bonds, and preference shares, issued by corporate and governmental issuers. These are held in accordance with the Company's investment objectives and policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from operations;
- Shareholders' funds which represent investors' monies which are invested on their behalf; and
- Derivative transactions, (primarily forward foreign currency contracts), the purpose of which is to manage the currency and market risks arising from the Company's investment activities.

The positions held by the Company at the year end are disclosed in the Portfolio of Investments.

11. RISK MANAGEMENT

In accordance with FRS29, this note details the way in which the Company manages risks associated with the use of financial instruments. Day-to-day risk management of the Company is undertaken by the Investment Manager. Investment in the Company carries with it a degree of risk including, but not limited to, the risks referred to below.

As defined by FRS29, risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is discussed in turn and qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Investment Manager and Board of Directors.

Market Risk

This risk comprises of three main types of risk, Market Price Risk, Currency Risk and Interest Rate Risk.

Market Price Risk

The investments of the Company are subject to normal market fluctuations and the risks inherent in investment in various securities markets and there can be no assurances that appreciation will occur. Stock markets can be volatile and stock prices can change substantially.

The Company invests in equity securities of companies in emerging markets. Such securities involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalisation, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

the Company's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

Currency Risk

Currency Risk is the risk that the fair value or 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 U.S. Dollars whereas the investments of the Company may be acquired, valued and disposed of in other currencies. The U.S. Dollar 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.

Interest Rate Risk

This risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market 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 Company has no exposure to Interest Rate Risk as at 31 December 2007 and 31 December 2006.

Credit Risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity Risk

This is the risk that the Company 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 the 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.

Investment Manager

Prusik Investment Management LLP

The Company's investment objective is to engineer capital growth primarily by investing in companies operating in the Asian region including , Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore and the Philippines. The Company's objective is to focus principally on select investments in fundamentally sound businesses which the Investment Manager believes can be acquired at an attractive discount to their intrinsic value. The Company generally seeks to invest, on average, in companies which have a price to book value ratio and a price/earnings ratio below the level prevailing in the market of that sector. The Company also seeks companies which the Investment Manager believes will achieve a rising return to Shareholders over the foreseeable future. The Company pursues its investment objective primarily by taking long positions in publicly traded common stocks and other equity securities of Asian issuers.

Market Risk

The Investment Manager adopts a bottom up, stock selection approach when constructing the portfolio. The Investment Manager selects stocks on Asian issuers which they believe have an attractive discount to their intrinsic value.

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

The table below compares the annualised volatility of the Company to a number of indices for the markets to which the Company has exposure during the year ended 31 December 2007 and the period ended 31 December 2006.

	31 December 2007	31 December 2006
	%	%
Prusik Asia Fund	13.30	10.20
MSCI AC Asia Pacific	15.10	14.50
MSCI AC Asia Pacific Ex-Japan	18.60	12.50
MSCI Taiwan	18.30	14.80
MSCI India	20.30	21.80
MSCI Korea	19.50	15.30
MSCI Singapore	18.90	11.90
MSCI Australia	14.30	11.40
MSCI Hong Kong	20.00	10.60
MSCI China	27.60	18.00
MSCI Indonesia	21.80	19.80
MSCI Malaysia	14.80	7.70
MSCI Pakistan	17.40	26.20
MSCI Philippines	23.40	17.30
MSCI Thailand	18.80	23.70
MSCI New Zealand	10.80	10.50
MSCI Japan	16.10	15.70

The following table lists exchange exposure, reasonably possible market movements and their impact to the Company. This exposure can result in an equal percentage decrease.

As at 31 December 2007

Exchange	Exchange Exposure USD	Reasonable % Movement in Exchange	Impact on Profit or Loss and Equity USD
ASX	41,963,784	14.30	6,000,821
Bangkok	1,334,714	18.80	250,926
Hong Kong	39,466,621	20.00	7,893,324
Jakarta	12,275,578	21.80	2,676,076
Korea SE	23,697,485	19.50	4,621,010
Kuala Lumpur	15,350,839	14.80	2,271,924
Mumbai	63,351,498	20.30	12,860,354
Singapore	47,387,165	18.90	8,956,174
Taipei	21,703,932	18.30	3,971,820
Total	266,531,616		49,502,429

Net Assets Attributable to Holders of Redeemable Participating Shares

401,160,041

% Impact of reasonable movement in exchange

12.34

Prusik Asia Fund Plc

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Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

Market Risk (continued)

As at 31 December 2006

Exchange	Exchange Exposure USD	Reasonable % Movement in Exchange	Impact on Profit or Loss and Equity USD
ASX	7,042,727	11.40	802,871
Bangkok	8,828,000	23.70	2,092,236
Hong Kong	37,044,104	10.60	3,926,675
Jakarta	2,616,637	19.80	518,094
Korea SE	24,068,082	15.30	3,682,417
Kuala Lumpur	15,545,109	7.70	1,196,973
Mumbai	9,070,697	21.80	1,977,412
Shanghai	7,948,435	18.00	1,430,718
Singapore	3,528,617	11.90	419,905
Taipei	33,544,148	14.80	4,964,534
Total	149,236,556		21,011,835
Net Assets Attributable to Holders of Redeemable Participating Shares			179,512,912
% Impact of reasonable movement in exchange			11.70

Percentage movements are based on expected movements of the relevant indices. Observation that in practice, the actual trading results may differ from the sensitivity analysis above and the differences could be material.

Details of the Company's financial assets at fair value through profit or loss concentrated by geographical and industrial distribution are included in the Portfolio of Investments.

Currency Risk

Assets of the Company may be denominated in a currency other than the base currency of the Company and changes in the exchange rate between the base currency and the currency of the asset may lead to a depreciation of the value of the Company's assets as expressed in the base currency.

The Investment Manager does not hedge the potential foreign currency risk at an investment level as they believe that currency risk is inherent in the market price of the investment and that over time, in the long term perspective, the investments will even out respective to currency fluctuations.

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Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

Currency Risk (continued)

The following sets out the total exposure to currencies other than the U.S. Dollar, possible currency movements over the course of a year and the impact of a movement of the size indicated on the net assets of the Company based on the currency exposure as at 31 December 2007

Currency	Amount in USD	Hedging USD	Net Exposure USD	Reasonable % movement in Currency	Impact to Profit and Loss and Equity USD
Australian Dollar	32,043,631	-	32,043,631	10.40	3,332,538
Euro	47,467	-	47,467	5.44	2,582
Great British Pound	7,468,171	59,334,401	66,802,572	5.75	3,841,148
Hong Kong Dollar	21,790,741	-	21,790,741	0.60	130,744
Indonesian Rupiah	3,941,681	-	3,941,681	6.80	268,034
Korean Won	28,467,849	-	28,467,849	3.70	1,053,310
Malaysian Ringgit	11,357,877	-	11,357,877	3.70	420,241
Singapore Dollar	44,030,499	-	44,030,499	3.10	1,364,945
Thai Baht	6,636,015	-	6,636,015	12.60	836,138
Taiwan Dollar	64,930,984	-	64,930,984	2.20	1,428,482
Total	220,714,915				12,678,164
Net Assets Attributable to Holders of Redeemable Participating Shares					401,160,041
% Impact of reasonable movement in exchange					3.16

The following sets out the total exposure to currencies other than the U.S. Dollar, possible currency movements over the course of a year and the impact of a movement of the size indicated on the net assets of the Company based on the currency exposure as at 31 December 2006

Currency	Amount in USD	Hedging USD	Net Exposure USD	Reasonable % movement in Currency	Impact to Profit and Loss and Equity USD
Australian Dollar	6,120,168	-	6,120,168	7.20	440,652
Great British Pound	922,794	30,906,004	31,828,798	6.95	2,212,101
Hong Kong Dollar	40,292,933	-	40,292,933	0.30	120,879
Indonesian Rupiah	4,189,575	-	4,189,575	7.50	314,218
Indian Rupee	8,101	-	8,101	3.50	284
Korean Won	25,162,285	-	25,162,285	5.50	1,383,926
Malaysian Ringgit	11,475,136	-	11,475,136	3.20	367,204
Singapore Dollar	6,899,529	-	6,899,529	3.20	220,785
Thai Baht	3,229,820	-	3,229,820	5.30	171,180
Taiwan Dollar	46,076,253	-	46,076,253	3.90	1,796,974
Total	144,376,594				7,028,203
Net Assets Attributable to Holders of Redeemable Participating Shares					179,512,912
% Impact of reasonable movement in exchange					3.92

Observation that in practice, the actual trading results may differ from the sensitivity analysis above and the differences could be material.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

Interest Rate Risk

The Company invests in equity securities and has limited or no exposure to Interest Rate Risk.

Credit Risk

The Company invests in equity securities and has limited or no exposure to Credit Rate Risk. All financial assets and financial liabilities at fair value through profit or loss are held with the Custodian. All unsettled trades at year end have subsequently settled with the Custodian. Details of the Company's financial assets and financial liabilities at fair value through profit or loss are included in the Portfolio of Investments.

Liquidity Risk

The Company manages its liquidity risk by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of. All of the Company's securities are exchanged in Regulated Markets. 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 years ending 31 December 2007 and 31 December 2006.

The maturity profiles of the Company's financial assets and Liabilities as of 31 December 2007 and 31 December 31 2006 are as follows:

31 December 2007

	Due on Demand	Due within 3 months	Total
	USD	USD	USD
Assets			
Financial Assets, at fair value through profit or loss	266,531,616	3,590	266,535,206
Cash and Cash equivalents	193,017,528	-	193,017,528
Dividends and Interest receivable	-	253,024	253,024
Receivable for issuance of redeemable participating shares	384,549	-	384,549
Other Assets	-	72,504	72,504
Total Assets	<u>459,933,693</u>	<u>329,118</u>	<u>460,262,811</u>
Liabilities			
Financial Liabilities at fair value through profit or loss	-	1,169,189	1,169,189
Investments Payable	38,412,090	-	38,412,090
Payable for redemption of redeemable participating shares	10,591,211	-	10,591,211
Other Payables	-	8,930,280	8,930,280
Redeemable Shares	401,160,041	-	401,160,041
Total Liabilities	<u>450,163,342</u>	<u>10,099,469</u>	<u>460,262,811</u>

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Notes to the Financial Statements (continued)

11. RISK MANAGEMENT (continued)

Liquidity Risk

The maturity profiles of the Company's financial assets and Liabilities as of 31 December 2007 and 31 December 31 2006 are as follows: (continued)

31 December 2006

	Due on Demand	Due within 3 months	Total
	USD	USD	USD
Assets			
Financial Assets, at fair value through profit or loss	150,636,860	-	150,636,860
Cash and Cash equivalents	39,227,423	-	39,227,423
Dividends and Interest receivable	-	95,812	95,812
Other Assets	-	70,087	70,087
Total Assets	189,864,283	165,899	190,030,182
	Due on Demand	Due within 3 months	Total
	USD	USD	USD
Liabilities			
Investments Payable	5,553,332	-	5,553,332
Other Payables	-	4,963,938	4,963,938
Redeemable shares	179,512,912	-	179,512,912
Total Liabilities	185,066,244	4,963,938	190,030,182

12. NET ASSET COMPARISON

In accordance with the provisions of the Company's Prospectus, marketable investment securities are valued at last traded prices at the valuation point. Marketable investment securities for financial statement 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 the financial statements and the NAV per share at which redeemable participating shares are issued and redeemed.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

12. NET ASSET COMPARISON (continued)

As at 31 December 2007 and 31 December 2006, the difference between the NAV required by FRS 26 and the NAV at which redeemable shares are issued and redeemed is detailed in the table below.

Net Asset value reconciliation

	31 December 2007	31 December 2006
	USD	USD
Valuation in accordance with Prospectus	402,448,952	179,910,148
Adjustment for bid and offer pricing	(1,288,911)	(397,236)
Valuation in accordance with FRS26	<u>401,160,041</u>	<u>179,512,912</u>

Dealing NAV analysis

		As at 31 December 2007			
		Net Assets		NAV per Share	
Class A Dollar Non-Distributing Class	USD	261,372,427	USD	177.72	
Class B Dollar Distributing Class	USD	78,898,218	USD	177.76	
Class C Sterling Distributing Class	GBP	31,054,955	GBP	95.70	
		As at 31 December 2006			
		Net Assets		NAV per Share	
Class A Dollar Non-Distributing Class	USD	95,194,177	USD	145.81	
Class B Dollar Distributing Class	USD	51,944,560	USD	145.81	
Class C Sterling Distributing Class	GBP	16,751,524	GBP	78.64	

13. PORTFOLIO ANALYSIS

As at 31 December 2007:

	Market Value	% of Net
	USD	Asset Value
Transferable securities admitted to an official exchange listing	161,216,334	40.19
Transferable securities dealt on another regulated market	41,963,784	10.46
Financial derivative instruments dealt on regulated market	63,351,498	15.79
Ancillary liquid assets	(1,165,599)	(0.29)
Total Financial Assets at fair value through profit or loss	<u>265,366,017</u>	<u>66.15</u>

As at 31 December 2006:

	Market Value	% of Net
	USD	Asset Value
Transferable securities admitted to an official exchange listing	127,833,828	71.21
Transferable securities dealt on another regulated market	11,428,072	6.36
Financial derivative instruments dealt on regulated market	9,974,656	5.56
Ancillary liquid assets	1,400,304	0.78
Total Financial Assets at fair value through profit or loss	<u>150,636,860</u>	<u>83.91</u>

14. COMPARATIVES

The comparative figures are for period ended 31 December 2006. Certain comparative figures have been reclassified in order to be consistent with the presentation of the current year.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

15. SUBSEQUENT EVENTS

There were no material post balance sheet events.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 16 April 2008.

Prusik Asia Fund Plc

Annual Report and Audited Financial Statements

Portfolio of Investments (unaudited)

Common Stocks & Equity Linked Notes	Shares	Value USD	Percent of Net Assets
Financial Assets at fair value through profit or loss			
Australia (2006: USD 6,120,168; 3.41%)			
Basic Materials (2006: USD 0; 0%)			
Lynas Corp., Ltd.	2,950,000	2,447,542	0.61
Newcrest Mining Ltd.	424,000	12,284,460	3.06
		<u>14,732,002</u>	<u>3.67</u>
Consumer, Non-cyclical (2006: USD 4,530,263; 2.52%)			
CSL Ltd.	210,000	6,572,871	1.64
Energy (2006: USD 0; 0%)			
Felix Resources Ltd.	1,334,000	9,369,622	2.34
MacArthur Coal Ltd.	200,000	1,720,808	0.43
		<u>11,090,430</u>	<u>2.77</u>
Industrial (2006: USD 1,589,905; 0.89%)			
CSR Ltd.	3,550,000	9,568,481	2.39
Total Australia		<u>41,963,784</u>	<u>10.47</u>
China/Hong Kong (2006: USD 51,711,006; 28.81%)			
Basic Materials (2006: USD 0; 0%)			
Zhaojin Mining Industry Co., Ltd.	1,719,500	7,166,145	1.79
Zijin Mining Group Co., Ltd.	7,150,000	11,075,747	2.76
		<u>18,241,892</u>	<u>4.55</u>
Consumer, Non-cyclical (2006: USD 0; 0%)			
China Green Holdings Ltd.	6,366,000	6,751,064	1.68
China Milk Products Group Ltd.	6,935,000	5,260,918	1.31
		<u>12,011,982</u>	<u>2.99</u>
Diversified (2006: USD 0; 0%)			
Wharf Holdings Ltd. (Rights)	231,250	317,297	0.08
Energy (2006: USD 5,545,011; 3.09%)			
Yanzhou Coal Mining Co., Ltd.	4,200,000	8,283,344	2.06
Financial (2006: USD 21,267,895; 11.84%)			
Dah Sing Financial Holdings Ltd.	594,800	5,873,024	1.46
Total China/Hong Kong		<u>44,727,539</u>	<u>11.14</u>
India (2006: USD 3,923,161; 2.19%)			
Communications (2006: USD 0; 0%)			
Bharti Airtel Ltd.**	417,000	10,522,069	2.62
Consumer, Non-cyclical (2006: USD 0; 0%)			
Bajaj Hindusthan Ltd.**	1,080,000	7,822,910	1.95
Balrampur Chini Mills Ltd.**	2,801,000	8,016,056	2.00
		<u>15,838,966</u>	<u>3.95</u>

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Annual Report and Audited Financial Statements

Portfolio of Investments (unaudited) (continued)

<u>Common Stocks & Equity Linked Notes (continued)</u>	<u>Shares</u>	<u>Value USD</u>	<u>Percent of Net Assets</u>
Energy (2006: USD 0; 0%) Gujarat NRE Coke Ltd.**	700,000	2,354,053	0.59
Software (2006: USD 0; 0%) Educomp Solutions Ltd.**	40,300	4,857,113	1.21
Technology (2006: USD 646,538; 0.36%) ICSA India Ltd.**	1,337,475	20,117,266	5.01
Utilities (2006: USD 0; 0%) Tata Power Co., Ltd.**	258,900	9,662,031	2.41
Total India		63,351,498	15.79
Indonesia (2006: USD 4,189,575; 2.34%) Consumer, Cyclical (2006: USD 0; 0%) PT Astra International Tbk	2,675,500	7,633,706	1.90
Consumer, Non-cyclical (2006: USD 0; 0%) Perusahaan Perkebunan London Sumatra Indonesia Tbk PT	4,094,000	4,641,872	1.16
Total Indonesia		12,275,578	3.06
Korea (2006: USD 26,216,971; 14.59%) Communications (2006: USD 0; 0%) SK Telecom Co., Ltd.	47,000	12,501,202	3.12
Consumer, Non-cyclical (2006: USD 0; 0%) Credu Corp.	81,000	11,196,283	2.79
Total Korea		23,697,485	5.91
Malaysia (2006: USD 10,404,694; 5.80%) Financial (2006: USD 1,060,840; 0.59%) Bandar Raya Developments BHD	7,381,400	7,053,288	1.76
Communications (2006: USD 0; 0%) Digi.Com BHD	1,120,000	8,297,551	2.07
Total Malaysia		15,350,839	3.83

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Portfolio of Investments (unaudited) (continued)

<u>Common Stocks & Equity Linked Notes (continued)</u>	<u>Shares</u>	<u>Value USD</u>	<u>Percent of Net Assets</u>
Singapore (2006: USD 3,543,553; 1.97%)			
Consumer, Non-cyclical (2006: USD 1,854,165; 1.03%)			
Golden Agri-Resources Ltd.	6,500,000	9,545,186	2.38
Guangzhao Industrial Forest Biotechnology Group Ltd.	6,300,000	1,424,992	0.35
Wilmar International Ltd.	3,150,000	11,794,550	2.94
		<u>22,764,728</u>	<u>5.67</u>
Financial (2006: USD 0; 0%)			
City Developments Ltd.	700,000	6,839,962	1.71
DBS Group Holdings Ltd.	870,000	12,521,557	3.12
		<u>19,361,519</u>	<u>4.83</u>
Total Singapore		<u>42,126,247</u>	<u>10.50</u>
Taiwan (2006: USD 39,061,569; 21.76%)			
Industrial (2006: USD 12,650,470; 7.05%)			
Fortune Electric Co., Ltd.	4,750,000	7,820,135	1.95
GeoVision, Inc.	1,179,000	10,813,846	2.70
Walsin Lihwa Corp.	7,431,000	3,069,951	0.76
		<u>21,703,932</u>	<u>5.41</u>
Total Taiwan		<u>21,703,932</u>	<u>5.41</u>
Thailand (2006: USD 1,499,839; 0.83%)			
Consumer, Non-cyclical (2006: USD 0; 0%)			
TIPCO Foods Thailand PCL - NVDR*	6,400,000	1,334,714	0.33
Total Thailand		<u>1,334,714</u>	<u>0.33</u>
Total Commons Stocks (Cost USD, 246,273,575)		<u>266,531,616</u>	<u>66.44</u>

* NVDR denotes Non Voting Depository Receipt

** Equity Linked Notes

Forward Currency Contracts Open as of December 31, 2007

<u>Currency Purchased</u>	<u>Principal Amount</u>	<u>Currency Sold</u>	<u>Currency Market Value USD</u>	<u>Aggregate Face Value USD</u>	<u>Settle Date</u>	<u>Unrealised Gain USD</u>	<u>Percent of Net Assets</u>
USD	<u>(2,000,000)</u>	GBP	<u>(1,996,410)</u>	<u>(2,000,000)</u>	17-Jan-08	<u>3,590</u>	<u>0.00</u>
Total	<u>(2,000,000)</u>		<u>(1,996,410)</u>	<u>(2,000,000)</u>		<u>3,590</u>	<u>0.00</u>

**Total Financial Assets at fair value through profit or loss
(Cost USD 246,273,575)**

266,535,206 **66.44**

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Portfolio of Investments (unaudited) (continued)

						Value USD	Percent of Net Assets
Financial Liabilities at fair value through profit or loss							
Forward Currency Contracts Open as of December 31, 2007							
Currency Purchased	Principal Amount	Currency Sold	Currency Market Value USD	Aggregate Face Value USD	Settle Date	Unrealised Loss USD	Percent of Net Assets
GBP	31,651,781	USD	63,344,750	64,500,000	17-Jan-08	(1,155,250)	(0.29)
USD	(2,000,000)	GBP	(2,013,939)	(2,000,000)	17-Jan-08	(13,939)	(0.00)
Total	29,651,781		61,330,811	62,500,000		(1,169,189)	(0.29)
Total Financial Liabilities at fair value through profit or loss						(1,169,189)	(0.29)
Other assets in excess of liabilities						135,794,024	33.85
Net assets attributable to holders of redeemable participating shares						401,160,041	100.00

All forward contracts are held by Brown Brothers Harriman.

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Statements of Changes in Composition of Portfolio (unaudited)

Major Purchases for the year ended 31 December 2007	Shares or Principal Amount or Par	Cost USD
STX Engine Co., Ltd.	664,000	43,794,519
Yanzhou Coal Mining Co., Ltd.	21,390,000	35,147,088
Sun Hung Kai Properties Ltd.	2,143,000	32,284,471
Formosa Plastics Corp.	12,561,000	29,747,818
Newcrest Mining Ltd.	1,065,000	27,757,265
S&T Corp.	462,000	26,323,372
Walsin Lihwa Corp.	45,249,000	25,671,948
China Mobile Ltd.	2,232,500	24,708,993
PT Astra International Tbk	10,455,500	24,706,768
DBS Group Holdings Ltd.	1,770,000	24,533,932
Bank of East Asia Ltd.	3,714,000	23,461,542
Zijin Mining Group Co., Ltd.	15,870,000	22,810,845
Taiwan Fertilizer Co., Ltd.	10,595,000	22,287,573
Tatung Co., Ltd.	40,639,000	21,410,957
China Milk Products Group Ltd.	22,718,000	19,581,734
Hyunjin Materials Co., Ltd.	412,150	19,442,114
Wilmar International Ltd.	5,735,000	18,612,283
Mahindra & Mahindra Ltd.	880,000	17,821,482
Tung Ho Steel Enterprise Corp.	11,710,000	17,469,562
Credu Corp.	249,825	17,348,251
China Molybdenum Co., Ltd.	7,800,000	17,292,113
SK Telecom Co., Ltd.	62,000	17,172,546
LS Cable Ltd.	193,592	16,967,199
Global Unichip Corp.	1,970,000	16,888,835

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Statements of Changes in Composition of Portfolio (unaudited) (continued)

Major Sales for the year ended 31 December 2007	Shares or Principal Amount or Par	Proceeds USD
Tatung Co., Ltd.	23,970,987	47,129,000
HannStar Display Corp.	10,356,432	42,090,000
Walsin Lihwa Corp.	18,015,775	37,818,000
Shenzhen International Holdings	3,153,075	33,000,000
Bumi Resources Tbk PT	8,391,334	32,000,000
AviChina Industry & Technology Co.	3,125,177	25,800,000
KGI Securities Co., Ltd.	14,318,824	25,415,000
China Power New Energy Development Co., Ltd.	3,986,010	25,000,000
Goldsun Development & Construction Co., Ltd.	13,499,720	23,579,000
China Rare Earth Holdings Ltd.	5,757,125	21,802,000
CP ALL PCL – NDVR*	6,414,728	20,454,000
Dongfeng Motor Group Co., Ltd.	12,171,370	18,588,000
Denway Motors Ltd.	7,335,808	18,346,000
China Hongxing Sports Ltd.	12,496,045	17,984,000
Yanzhou Coal Mining Co., Ltd.	27,791,457	17,190,000
China Milk Products Group Ltd.	13,716,193	15,783,000
Formosa Plastics Corp.	37,701,526	15,528,000
Guangzhao Industrial Forest Biotechnology Group Ltd.	3,781,475	14,800,000
China Citic Bank	10,806,048	14,172,000
Opto Technology Corp.	11,119,622	13,766,000
China Travel International Investment Hong Kong Ltd.	4,261,367	13,588,000
China Everbright International Ltd.	2,075,740	13,173,000
Shanghai Electric Group Co., Ltd.	9,932,417	13,100,000
Tung Ho Steel Enterprise Corp.	15,494,838	11,710,000
Indofood Agri Resources Ltd.	15,411,292	11,500,000
China Energy Ltd.	12,617,497	11,011,000
Bank Niaga Tbk PT	1,171,074	10,978,500
Innovalues Ltd.	3,326,675	10,876,000
China Construction Bank Corp.	6,550,296	10,653,000
Taiwan Fertilizer Co., Ltd.	22,995,915	10,595,000

*NVDR denotes Non Voting Depositary Receipt

Prusik Asia Fund Plc

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Directors and Other Information

BOARD OF DIRECTORS

Heather Manners
Richard Hayes
David Hammond (appointed 6 December 2007)
Ronan Daly (resigned 6 December 2007)

COMPANY NAME AND REGISTERED OFFICE

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