

# **PRUSIK ASIA FUND PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the period from 7 September 2005 (date of incorporation)  
to 31 December 2006**

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# Prusik Asia Fund Plc

Annual Report and Financial Statements  
(Audited)

## 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 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.

BISYS 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.

The most recent Prospectus of the Company is dated 29 September 2005.

## 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 limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stocklending and repurchase and reverse repurchase agreements.

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## **Background of the Company** (continued)

### **Prusik Asia Fund** (continued)

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 first set of semi-annual reports prepared by the Company was dated 30 June 2006. The first set of annual reports prepared are dated 31 December 2006.

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 present their annual report for the period from 7 September 2005 (date of incorporation) to 31 December 2005.

### 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 BISYS Fund Services (Ireland) Limited, Brooklawn House, Crampton Avenue/Shelbourne Road, Ballsbridge, Dublin 4, Ireland.

### Principal Activities

The Company was 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

The increase in the Net Asset Value for the year over its performance benchmark Morgan Stanley Capital International AC Asia Pacific Ex Japan index was 8.09%, which the Directors believe is a key indicator of the performance of the Company. A detailed review of the business and future developments is included in the Investment Manager's Report.

### 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 10 of these financial statements.

### Results

The results for the year are stated on page 11 of the financial statements. Particulars relating to distributions and the issue and redemption of shares are set out on page 12 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 2006 are set out below.

Donnacha O'Connor (appointed 7 September 2005, resigned 22 September 2005)

Lorcan Tiernan (appointed 7 September 2005, resigned 22 September 2005)

Heather Manners (appointed 22 September 2005)

Ronan Daly (appointed 22 September 2005)

Richard Hayes (appointed 22 September 2005)

### Directors' Interests

Details of the Directors or the Company Secretary holdings in the shares of the Company as at 31 December 2006 are included in Note 4. "Significant Agreements and Related Party Transactions". Heather Manners is Chief Investment Officer of the Investment Manager. Ronan Daly is President of BISYS Hedge Fund Services (Ireland) Limited, a sister company of the Administrator.

### Auditors

The Auditors, Ernst & Young, were appointed as auditors in accordance with Section 160 (6) of the Companies Act, 1963 and will continue in office in accordance with section 160(2) of that Act.

On behalf of the Board:

Ronan Daly  
Director

Richard Hayes  
Director

**Date** 9 February 2007

# Prusik Asia Fund Plc

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## Investment Manager's Report

Over the period between 7 September (date of incorporation) to 31 December 2006 the Prusik Asia Fund Plc (the "Company") Class A Dollar Non-Distributing Class returned 45.81%, outperforming the Morgan Stanley Capital International AC Asia Pacific Ex Japan index (the "Index") which returned 37.72%.\*

\*Source Bloomberg.

Sentiment swung significantly in the first half of the year in respect of both Asian and global stock markets. Markets rose strongly for the first four months of the year and then corrected sharply in May and June. In the second half of the year, most of the Asian markets recovered strongly, regaining, in many cases, all and more of the ground lost

Our investment process was successful during this period in identifying companies within particular industries where change was occurring and share prices were at a palatable level. The principal areas of focus were environmentally oriented sectors like alternative power, clean power and various environmental engineering leaders, the beginning of a long term trend of change and recovery in the Taiwanese domestic economy, the hidden value of Asian brand-names, the upstream and downstream LED manufacturing sector, the nuclear power industry, and the infrastructure roll out across the whole region. To these, we added, in the second half of the year, exposure to the PRC and Indian property sectors, the Greater China consumption sector, the medical sector and the PRC financials sector.

Although other industries were invested in during this period the bulk of the portfolio contained what we considered the most attractive companies operating within these industries.

During April a large proportion of the portfolio's holdings appreciated to prices which were close to, at or above those which we had targeted on initiating the various investments. As a result, we started to sell down these investments, a practice which continued into early May as more and more stocks reached our targets. Re-investment opportunities at this time were scarce as across the region, share price valuations reflected the increasingly optimistic stance that had developed. As a result, cash levels rose sharply in the portfolio to over 50%. Positively, post the mid-year correction, we were able to take advantage of some attractive re-investment opportunities, especially in India, as attractive upside to our fair value targets once more emerged. Cash levels therefore declined sharply from the 50% plus cash position held at the end of June to under 20% by the end of the year.

One of our philosophies is that cheap markets or share prices tend to have less downside risk. It was therefore pleasing to see this strategy work in May. The high cash levels and investments in high conviction themes and industries led to the company falling only 1.9% in May and being marginally down in June at a time when Asian markets were suffering sharp falls.

From an upside perspective the Company rose 21% to end April and then rose another 13.5% in the second half. Figures we think balance well with the reasonably defensive performance generated during May/June.

## Outlook

Our thematic thinking remains largely unchanged. While we remain upbeat on prospects for most of the region, valuations in selected markets and sectors are, once again, starting to look a little rich, notably some sectors in India and China, the markets which have inspired the greatest investor enthusiasm in the second half of 2006.

Whilst digging out companies in Asia in the right industry is our area of specialisation we are not blinkered to developments overseas. Risk appetite versus historic levels is high increasing unpredictable event risk. Our strategy of not investing in overvalued companies will, we hope, defend us again in the future if unforeseen events occur either in Asia or overseas.

Within Asia the outlook is more robust and we continue to be keen to add exposure to our key themes and industries at the right price.

Thank you to all the shareholders in the Company for your continued support.

Prusik Investment Management  
23 January 2007

# Prusik Asia Fund Plc

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## Report of the Custodian

To the Members of Prusik Asia Fund Plc

We have enquired into the conduct of Prusik Asia Fund Plc (the “Company”) for the period from 7 September 2005 (date of incorporation) to 31 December 2006 in our capacity as Custodian to the Company.

In our opinion, Prusik Asia Fund Plc has been managed in that period, in all material respects, in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (“the Regulations”); and otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

For and behalf of

Brown Brothers Harriman Trustee Services (Ireland) Limited

Date: 9 February 2007

# Prusik Asia Fund Plc

Annual Report and Financial Statements  
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## Independent Auditors' Report to the Members of Prusik Asia Fund Plc

We have audited the Company's financial statements of Prusik Asia Fund Plc (the "Company") for the period from 7 September 2005 (Date of Incorporation) to 31 December 2006 which comprise Statement of Assets and Liabilities, Income Statement, and Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares and the related notes 1 to 14. 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 generally accepted in Ireland and the UK.

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.

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 Custodian's Report. 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.

# Prusik Asia Fund Plc

Annual Report and Financial Statements  
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## **Independent Auditors' Report to the Members of Prusik Asia Fund Plc (continued)**

### **Basis of audit opinion (continued)**

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 accounting standards generally accepted in Ireland and the UK, of the state of affairs of the Company for the period from 7 September 2005 (Date of Incorporation) to 31 December 31, 2006 and of its profit for the period 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

9 February 2007

# Prusik Asia Fund Plc

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## STATEMENT OF ASSETS AND LIABILITIES

	Note	As at 31 December 2006 USD
<b>Current Assets:</b>		
Financial Assets, at fair value through profit or loss (cost USD 136,474,820)		150,636,860
Cash	5	39,227,423
Dividends and Interest receivable		95,812
Other Assets		70,087
<b>Total Assets:</b>		<u>190,030,182</u>
<b>Liabilities (amounts falling due within one year):</b>		
Amounts due to Brokers		5,553,332
Accrued Expenses:		
Investment Management Fees	4	246,735
Performance Fees	4	2,226,168
Equalisation Payable	4	2,353,951
Administration Fees	4	7,056
Custody Fees		25,689
Audit Fees		28,868
Directors' Fees	4	49,217
Other Fees		26,254
<b>Liabilities (excluding Net assets attributable to holders of redeemable participating shares)</b>		<u>10,517,270</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u>179,512,912</u>
<b>Class A Dollar Non-Distributing Class</b>		
Net Assets		USD 94,937,178
Outstanding redeemable participating shares		652,865
Net Asset Value per share		USD 145.42
<b>Class B Dollar Distributing Class</b>		
Net Assets		USD 51,804,323
Outstanding redeemable participating shares		356,248
Net Asset Value per share		USD 145.42
<b>Class C Sterling Distributing Class</b>		
Net Assets		GBP 16,706,865
Outstanding redeemable participating shares		213,015
Net Asset Value per share		GBP 78.43

Ronan Daly  
Director  
Date: 9 February 2007

Richard Hayes  
Director

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

# Prusik Asia Fund Plc

Annual Report and Financial Statements  
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## INCOME STATEMENT

For the period ended 31 December 2006

	Note	31 December 2006*
		USD
<b>Investment Income:</b>		
Dividend Income	2	1,058,587
Withholding Tax		(65,862)
Interest Income		552,724
Net realised gains on Financial Assets and Liabilities at fair value through profit and loss		14,355,414
Net unrealised gains on Financial Assets and Liabilities at fair value through profit and loss		14,160,526
Total Income:		<u>30,061,389</u>
<b>Expenses:</b>		
Investment Management Fees	4	1,044,032
Performance Fees	4	2,496,229
Administration Fees	4	102,081
Custody Fees	4	139,420
Audit Fees		28,868
Directors' Fees	4	49,217
Legal Fees		28,287
Listing Fees		13,531
Printing Fees		1,295
Registration Fees		10,045
Miscellaneous Fees		57,211
Transaction Costs	2	2,682,433
Total Expenses		<u>6,652,649</u>
<b>Net Profit</b>		<u>23,408,740</u>

\*for the period from 7 September 2005 (date of incorporation) to 31 December 2006

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

Ronan Daly  
Director  
Date: 9 February 2007

Richard Hayes  
Director

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

# Prusik Asia Fund Plc

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

For the period ended 31 December 2006\*

	Note	31 December 2006*
		USD
Net Profit		23,408,740
<b>Capital Share Transactions of redeemable participating shares:</b>		
Proceeds from issuance of redeemable participating shares	3	169,360,558
Equalisation credit on issuance of redeemable participating shares	3	(2,353,951)
Payments on redemption of redeemable participating shares	3	(10,902,435)
Net increase from capital shares transactions of redeemable participating shares		<u>156,104,172</u>
Net increase in Net assets attributable to holders of redeemable participating shares		179,512,912
Net assets attributable to holders of redeemable participating shares at 7 September 2005		-
<b>Net assets attributable to holders of redeemable participating shares at 31 December 2006</b>		<u><u>179,512,912</u></u>

\*for the period from 7 September 2005 (date of incorporation) to 31 December 2006

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

# Prusik Asia Fund Plc

Annual Report and Financial Statements  
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## Notes To 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 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 are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statutes comprising the Companies Acts, 1963 to 2006. 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.

#### FINANCIAL INSTRUMENTS

##### (i) *Classification*

The Company has adopted FRS 26, including the amendments issued by the ASB in the period to October 2005. The Company designated 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 and forward 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. 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.

##### (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.

## Notes To Financial Statements

### 2. ACCOUNTING POLICIES (continued)

#### FINANCIAL INSTRUMENT MEASUREMENT (continued)

##### *(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.

##### *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 2006 are included in the Portfolio of Investments and were entered into in order to hedge the value of the Sterling Distributing Class against U.S. Dollar.

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

#### 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

The Directors may at their discretion pay a dividend in relation to Class B Dollar Distributing Class and the Class C Sterling Distributing Class of the Company. In the event that a dividend is paid it may 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 and recorded as Finance Costs when paid. As at 31 December 2006, no distributions were paid or payable from the Company.

## Notes To Financial Statements

### 2. ACCOUNTING POLICIES (continued)

#### 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 Statement of Assets and Liabilities 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 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 Subscriber Shares of EURO 1 each and 500 Billion redeemable participating shares of no par value.

#### SHARE CAPITAL ("SUBSCRIBER 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.

# Prusik Asia Fund Plc

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## Notes To Financial Statements

### 3. SHARE CAPITAL (continued)

#### REDEEMABLE PARTICIPATING SHARE TRANSACTIONS

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 credit	-	(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	213,075	27,954,761
Equalisation credit	-	(48,684)
Redeemed	(70)	(7,991)
At the end of the period	<u>213,015</u>	<u>27,898,086</u>

Participating shares may be redeemed 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.

As at 31 December 2006, Prusik Investment Management LLP holds 4,038 shares in Class C Sterling Distributing Class.

### 4. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS

#### 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 amounts payable at the end of the period are included in the Income Statement and Statement of Assets and Liabilities respectively.

## Notes To Financial Statements

### 4. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS (continued)

#### 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 has a voluntary agreement with the Holders of Participating Shares of the Company not to charge a performance fee if the Net Asset Value does not appreciate by more than 6% during a calculation period. Where performance does not exceed the hurdle no performance fee will apply, and where performance exceeds the 6% hurdle, full performance fees on the absolute performance of the Fund will be payable.

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 Statement of Assets and Liabilities respectively.

#### ADMINISTRATOR FEES

The Company will pay 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. Minimum fees are deferred 50% for the first three months after launch and 33% for the second three months after launch. Deferred amounts are payable at the beginning of the second year of the agreement. Details of the Administrator fees charged to the Company and payable at the end of the period are included in the Income Statement and Statement of Assets and Liabilities, 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 Statement of Assets and Liabilities, respectively.

#### DIRECTORS

Heather Manners is Chief Investment Officer of the Investment Manager. Ronan Daly is President of BISYS Hedge Fund Services (Ireland) Limited, a sister company of the Administrator. Glen Kennedy (alternate to Ronan Daly) is an employee of BISYS Hedge Fund Services (Ireland) Limited

The Directors of the Company shall be entitled to a fee in remuneration for their services at a rate determined by the Directors upto a maximum fee per Director of Euro 10,000 (plus VAT, if any) per annum. In addition the Directors may be entitled to special remuneration if called upon to perform any special or extra services to the Company.

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### 4. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS (continued)

#### DIRECTORS (continued)

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 Statement of Assets and Liabilities, 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 INTERESTS

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

<b>Prusik Asia Fund</b>	<b>Shares</b>	<b>Class</b>
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

### 5. CASH AT BANK

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

### 6. TAXATION

Under current Irish law and practice the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act, 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp, transfer or registration tax is payable in Ireland on the issue, redemption or transfer of Shares in the Company. Distributions and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and other countries. The Company may not, therefore, be able to reclaim withholding tax suffered by it in particular countries.

### 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 period 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 2006 the Company did not hold any such instruments for the purposes of efficient portfolio management. The only hedges entered into by the Company were in order to hedge the value of the Sterling Distributing Class against U.S. Dollar.

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### 9. EXCHANGE RATES

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

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

	For USD 1.00
Australian Dollar	1.2672
Euro	0.7584
Great British Pound	0.5098
Hong Kong Dollar	7.7746
Indonesian Rupiah	8,994
Indian Rupee	44.2765
Korean Won	931
Malaysian Ringgit	3.5313
Singapore Dollar	1.5331
Thai Baht	35.925
Taiwan Dollar	32.609

### 10. DERIVATIVES AND RISKS ASSOCIATED WITH 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 instruments, (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 period end are disclosed in the Portfolio of Investments.

### RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The main risks arising from the Company's financial instruments are market price risk, foreign currency risk, interest rate risk, liquidity risk, credit risk, significant concentrations of credit risk, subscription default risk and emerging market risk. Full details of all risks are available in the Prospectus under the heading "Risk Factors".

### MARKET RISK

Market price risk arises mainly from uncertainty about future prices of financial instruments held, which are classified as financial assets at fair value through profit or loss. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. There can be no assurance that the Company will achieve their investment objectives.

## Notes To Financial Statements

### 10. DERIVATIVES AND RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

#### FOREIGN CURRENCY RISK

The assets of the Company may be invested in a number of different currencies other than the Company's base currency, with the effect that currency movements can significantly affect the Statement of Assets and Liabilities and Income Statement.

The primary purpose of the Company's foreign currency economic hedging activities is to protect against the volatility associated with investments denominated in foreign currencies and other assets and liabilities created in the normal course of business. The Company primarily utilises forward exchange contracts and purchased currency options with maturities of less than twelve months to hedge foreign-currency-denominated financial assets, liabilities, and firm commitments. Increases or decreases in the Company's foreign-currency-denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments. The Company does not use foreign currency forward exchange contracts or purchased currency options for trading purposes. The only hedges entered into by the Company were in order to hedge the value of the Sterling Distributing Class against U.S. Dollar.

The following table sets out the Company's total exposure to foreign currency risk as at 31 December 2006.

Currency	Amount in USD	Hedging	Net Exposure USD
Australian Dollar	6,120,168	-	6,120,168
Great British Pound	922,794	30,906,004	31,828,798
Hong Kong Dollar	40,292,933	-	40,292,933
Indonesian Rupiah	4,189,575	-	4,189,575
Indian Rupee	8,101	-	8,101
Korean Won	25,162,285	-	25,162,285
Malaysian Ringgit	11,475,136	-	11,475,136
Singapore Dollar	6,899,529	-	6,899,529
Thai Baht	3,229,820	-	3,229,820
Taiwan Dollar	46,076,253	-	46,076,253

#### INTEREST RATE RISK

Generally, the value of debt securities will tend to decrease in value when interest rates rise and vice versa. Shorter-term securities are less sensitive to interest rate changes than longer-term securities, but they also usually offer lower yields.

The Company may invest in both fixed rate and floating rate securities. Any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of securities held.

In general, if interest rates rise the income potential of the Company also rises but the value of the fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Company). A decline in interest rates will in general have the opposite effect.

As at 31 December 2006, the Company held short term time deposits which are included in Cash.

#### LIQUIDITY RISK

The main liability of the Company tends to be outstanding payables on the purchase of investments and the redemption of any redeemable participating shares that investors wish to sell. The Company has the ability to borrow in the short term to meet these obligations, although no such borrowings have arisen during the period.

## Notes To Financial Statements

### 10. DERIVATIVES AND RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

#### LIQUIDITY RISK (continued)

The Company's financial instruments include investments in unlisted equity investments and derivative contracts traded over-the-counter, which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to its fair value in order to meet its liquidity requirements or to respond to specific events such as a deterioration in the credit worthiness of any particular issuer. It may be impossible to assess the exposure to risk in such circumstances.

The Company's listed securities are considered to be readily realisable as they are all listed on major Asian stock exchanges.

#### CREDIT RISK

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. The Company minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognised and reputable exchanges and in the over the counter markets.

Gains and losses in the Company's Income Statement arose in the normal course of business.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

#### SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified along industry lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

#### SUBSCRIPTION DEFAULT RISK

The Company will bear the risk of subscription default. For the purposes of efficient portfolio management, the Investment Manager may purchase securities or utilise efficient portfolio management techniques and instruments on the basis that settlement monies will be received on the relevant settlement date. In the event such settlement monies are not received by the Company on or by the relevant settlement date, the Company may have to sell such purchased securities or close out its position under such efficient portfolio management techniques and instruments which could result in a loss to the Company notwithstanding that a subscriber who defaults in settling a subscription payment may be liable to the Company for any such loss.

#### EMERGING MARKET RISK

The Company may invest in equity securities of companies in emerging markets. Such securities may 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 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.

### 11. 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 in the financial statements and the NAV per share at which redeemable participating shares are issued and redeemed.

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### 11. NET ASSET COMPARISON (continued)

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

Financial assets at fair value through profit of loss	Asia Pacific Fund
Valuation in accordance with Prospectus	179,910,148
Adjustment for bid and offer pricing	<u>(397,236)</u>
Valuation in accordance with FRS26	<u>179,512,912</u>

For the purpose of disclosure of the Net Assets and the NAV per share, we have disclosed the dealing Net Assets and NAV per Share at which shareholders of redeemable participating shares can subscribe and redeem. This is based off the valuations per the Prospectus.

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

### 12. PORTFOLIO ANALYSIS

As at 31 December 2006:

	Market Value USD	% of Net Asset Value
Transferable securities admitted to an official exchange listing	137,808,484	76.77
Transferable securities dealt on another regulated market	11,428,072	6.36
Ancillary liquid assets	<u>1,400,304</u>	<u>0.78</u>
<b>Total Investments</b>	<b><u>150,636,860</u></b>	<b><u>83.91</u></b>

### 13. SUBSEQUENT EVENTS

There were no material post balance sheet events.

### 14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 9 February 2007.

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## Portfolio of Investments

Common Stocks	Shares	Value USD	Percent of Net Assets
<b>Australia</b>			
<b>Consumer, Non-cyclical</b>			
CSL Ltd.	87,900	4,530,263	2.52
<b>Industrial</b>			
Downer EDI Ltd.	288,230	1,589,905	0.89
<b>Total Australia</b>		<b>6,120,168</b>	<b>3.41</b>
<b>China/Hong Kong</b>			
<b>Communications</b>			
China Mobile Ltd.	650,000	5,630,836	3.14
<b>Consumer, Cyclical</b>			
China Hongxing Sports Ltd.	2,425,000	3,353,336	1.87
China Travel International Investment Hong Kong Ltd.	10,588,000	3,459,152	1.93
Denway Motors Ltd.	8,698,000	3,501,754	1.95
		10,314,242	5.75
<b>Energy</b>			
PetroChina Co., Ltd.	3,912,000	5,545,011	3.09
<b>Financial</b>			
Cheung Kong Holdings Ltd.	501,000	6,163,745	3.43
China Construction Bank	7,188,000	4,567,273	2.54
China Everbright International Ltd.	10,800,000	1,875,338	1.05
Shanghai Pudong Development Bank Co., Ltd.	1,238,400	3,381,162	1.88
Wing Lung Bank Ltd.	506,200	5,280,377	2.94
		21,267,895	11.84
<b>Industrial</b>			
China Sinoma International Engineering Co.	721,184	2,670,333	1.49
Zhuzhou CSR Times Electric Co., Ltd.	290,000	400,612	0.22
		3,070,945	1.71
<b>Utilities</b>			
Datang International Power Generation Co., Ltd.	3,680,000	3,791,423	2.11
Sinolink Worldwide Holdings Ltd.	8,600,000	2,090,654	1.17
		5,882,077	3.28
<b>Total China/Hong Kong</b>		<b>51,711,006</b>	<b>28.81</b>
<b>India</b>			
<b>Consumer, Cyclical</b>			
Ansal Housing & Construction Ltd.	180,000	1,438,617	0.80
<b>Industrial</b>			
Voltamp Transformers Ltd.	120,000	1,838,006	1.03
<b>Technology</b>			
Financial Technologies India Ltd.	16,122	646,538	0.36
<b>Total India</b>		<b>3,923,161</b>	<b>2.19</b>

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## Portfolio of Investments (continued)

Common Stocks (continued)	Shares	Value USD	Percent of Net Assets
<b>Indonesia</b>			
<b>Financial</b>			
Bank Niaga Tbk PT	10,978,500	1,110,789	0.62
<b>Industrial</b>			
Indocement Tunggal Prakarsa Tbk PT	4,858,000	3,078,786	1.72
<b>Total Indonesia</b>		<b>4,189,575</b>	<b>2.34</b>
<b>Korea</b>			
<b>Basic Materials</b>			
KCC Corp.	8,000	2,483,351	1.38
<b>Financial</b>			
Dongbu Securities Co., Ltd.	179,010	2,759,177	1.54
<b>Industrial</b>			
Doosan Corp.	86,350	5,268,185	2.93
Hyunjin Materials Co., Ltd.	230,000	4,496,241	2.50
Korea Cottrell Co. Ltd.	76,406	3,693,093	2.06
LG Corp.	98,000	3,131,579	1.74
Taewoong Co., Ltd.	128,187	4,385,345	2.44
		20,974,443	11.67
<b>Total Korea</b>		<b>26,216,971</b>	<b>14.59</b>
<b>Malaysia</b>			
<b>Consumer, Non-cyclical</b>			
IOI Corp. Berhad	300,000	1,546,195	0.86
Kuala Lumpur Kepong Berhad	662,100	2,512,464	1.40
		4,058,659	2.26
<b>Financial</b>			
SP Setia Berhad	741,800	1,060,840	0.59
<b>Industrial</b>			
Gamuda Berhad	2,529,900	3,617,981	2.02
IJM Corp. Berhad	801,000	1,667,214	0.93
		5,285,195	2.95
<b>Total Malaysia</b>		<b>10,404,694</b>	<b>5.80</b>
<b>Singapore</b>			
<b>Consumer, Non-cyclical</b>			
Raffles Education Corp., Ltd.	1,606,000	1,854,165	1.03
<b>Industrial</b>			
Sino-Environment Technology Group Ltd.	1,000,000	1,689,388	0.94
<b>Total Singapore</b>		<b>3,543,553</b>	<b>1.97</b>

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## Portfolio of Investments (continued)

Common Stocks (continued)	Shares	Value USD	Percent of Net Assets
<b>Taiwan</b>			
<b>Basic Materials</b>			
Chung Hwa Pulp Corp.	6,840,000	3,712,717	2.07
Formosa Plastics Corp.	2,967,000	4,922,405	2.74
		<u>8,635,122</u>	<u>4.81</u>
<b>Consumer, Cyclical</b>			
Far Eastern Department Stores Co., Ltd.	5,511,000	3,506,800	1.95
<b>Consumer, Non-Cyclical</b>			
Uni-President Enterprises Corp.	2,500,000	2,491,643	1.39
<b>Financial</b>			
TA Chong Bank Ltd.	8,980,000	3,015,456	1.68
<b>Industrial</b>			
GeoVision, Inc.	515,000	2,416,357	1.35
Radiant Opto-Electronics Corp.	2,572,000	4,101,444	2.28
Ta Ya Electric Wire & Cable	6,618,000	3,226,907	1.80
Tatung Co., Ltd.	6,490,000	2,905,762	1.62
		<u>12,650,470</u>	<u>7.05</u>
<b>Technology</b>			
Epistar Corp.	1,130,000	3,406,391	1.90
Everlight Electronics Co., Ltd.	1,886,000	5,355,687	2.98
		<u>8,762,078</u>	<u>4.88</u>
<b>Total Taiwan</b>		<u><b>39,061,569</b></u>	<u><b>21.76</b></u>
<b>Thailand</b>			
<b>Financial</b>			
Bangkok Bank Pcl.	200,000	606,820	0.34
Kiatnakin Bank Pcl.	50,000	37,926	0.02
Seamico Securities Pcl.	8,170,000	855,093	0.47
<b>Total Thailand</b>		<u><b>1,499,839</b></u>	<u><b>0.83</b></u>
<b>Total Common Stocks (Cost USD 133,617,393 )</b>		<u><b>146,670,536</b></u>	<u><b>81.70</b></u>
<b>Warrants</b>			
<b>Malaysia</b>			
<b>Industrial</b>			
Kulim Malaysai Berhad	1,400,000	1,070,442	0.60
<b>Total Malaysia</b>		<u><b>1,070,442</b></u>	<u><b>0.60</b></u>

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## Portfolio of Investments (continued)

Warrants (continued)	Shares	Value USD	Percent of Net Assets
<b>Thailand</b>			
<b>Industrial</b>			
Bank of Ayudhya Plc.	7,959,800	1,495,578	0.83
<b>Total Thailand</b>		<b>1,495,578</b>	<b>0.83</b>
<b>Total Warrants (Cost USD 2,857,427 )</b>		<b>2,566,020</b>	<b>1.43</b>

Currency Purchased	Principal Amount	Currency Sold	Currency Market Value USD	Aggregate Face Value USD	Settle Date	Unrealised Gain USD	Percent of Net Assets
GBP	10,503,312	USD	20,602,000	19,505,700	11-Jan-07	1,096,300	0.60
GBP	806,842	USD	1,582,602	1,500,000	11-Jan-07	82,602	0.05
GBP	789,598	USD	1,548,779	1,500,000	11-Jan-07	48,779	0.03
GBP	999,947	USD	1,961,373	1,900,000	11-Jan-07	61,373	0.03
GBP	576,883	USD	1,131,542	1,100,000	11-Jan-07	31,542	0.02
GBP	1,053,908	USD	2,067,215	2,000,000	11-Jan-07	67,215	0.04
GBP	1,026,009	USD	2,012,493	2,000,000	11-Jan-07	12,493	0.01
<b>Total</b>	<b>15,756,499</b>		<b>30,906,004</b>	<b>29,505,700</b>		<b>1,400,304</b>	<b>0.78</b>

**Total Financial Assets at fair value though or loss  
(Cost USD 136,474,820)**

**150,636,860**      **83.91**

**Other assets in excess of liabilities**

**28,876,053**      **16.09**

**Net assets attributable to holders of redeemable participating shares**

**179,512,912**      **100.00**

# Prusik Asia Fund Plc

Annual Report and Financial Statements

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

<b>Major Purchases for the period ended 31 December 2006</b>	<b>Shares or Principal Amount or Par</b>	<b>Cost USD</b>
Epistar Corp.	2,363,000	7,283,900
Uni-President Enterprises Corp.	8,194,000	6,834,608
Cheung Kong Holdings Ltd.	569,000	6,806,850
Kuala Lumpur Kepong Berhad	1,842,000	5,965,105
China Construction Bank	12,307,000	5,870,594
Unimicron Technology Corp.	4,041,000	5,523,360
Energy Resources of Australia Ltd.	566,833	5,481,093
Doosan Heavy Industries & Construction Co., Ltd.	151,380	5,445,347
China Mobile Ltd.	650,000	5,366,238
PetroChina Co., Ltd.	3,912,000	5,222,953
City Developments Ltd.	816,000	5,005,885
Taewoong Co., Ltd.	200,087	4,958,730
Sinolink Worldwide Holdings Ltd.	19,040,000	4,919,613
Hkd Wing Ling Bank	506,200	4,839,572
Everlight Electronics Co., Ltd.	1,886,000	4,808,749
Sino-Environment Technology Group Ltd.	7,334,000	4,685,644
Formosa Plastics Corp.	2,967,000	4,625,835
Doosan Corp	86,350	4,603,477
IOI Corp. Berhad	914,000	4,397,400
LG Corp.	134,750	4,243,852

# Prusik Asia Fund Plc

Annual Report and Financial Statements

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

<b>Major Sales for the period ended 31 December 2006</b>	<b>Shares or Principal Amount or Par</b>	<b>Proceeds USD</b>
Energy Resources of Australia Ltd.	566,833	6,039,912
City Developments Ltd.	816,000	5,568,509
Unimicron Technology Corp.	4,041,000	5,422,485
Doosan Heavy Industries & Construction Co., Ltd.	151,380	5,380,333
Sino-Environment Technology Group Ltd.	6,334,000	5,141,814
IVRCL Infrastructures & Projects Ltd.	573,000	4,828,075
Uni-President Enterprises Corp.	5,694,000	4,632,753
CTCI Corp.	6,454,000	4,484,378
News Corp.	200,790	4,279,733
New World Development Co., Ltd.	2,283,000	4,193,418
Dongbu Securities Co., Ltd.	167,650	4,070,896
DBS group Holdings Ltd.	305,000	3,961,591
Hutchison Whampoa Ltd.	446,000	3,942,297
Aditya Birla Minerals Ltd.	2,268,000	3,878,526
Epistar Corp.	1,233,000	3,839,753
Henderson Land Development Co., Ltd.	662,000	3,629,948
China Telecom Corp.	8,150,000	3,627,213
Great Eagle Holdings Ltd.	1,239,000	3,534,391
Theramax Ltd.	479,800	3,529,703
Shanghai Electric Group Co.	10,700,000	3,503,025

# Prusik Asia Fund Plc

Annual Report and Financial Statements

## Directors and Other Information

### BOARD OF DIRECTORS

Heather Manners  
Ronan Daly  
Richard Hayes  
Glen Kennedy (alternate to Ronan Daly)

### COMPANY NAME AND REGISTERED OFFICE

Prusik Asia Fund Plc  
Brooklawn House  
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Dublin 4  
Ireland

### INVESTMENT MANAGER

Prusik Investment Management LLP  
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### ADMINISTRATOR

BISYS Fund Services (Ireland) Limited  
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### INDEPENDENT AUDITORS

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