

PRUSIK ASIAN SMALLER COMPANIES FUND PLC

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

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

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GENERAL INFORMATION

Prusik Asian Smaller Companies Fund plc (the “Company”) is a public limited liability investment company with variable capital, incorporated on 11 January 2008 in Ireland pursuant to the Companies Acts, 1963 to 2013 and authorised by the Central Bank of Ireland (the “Central Bank”), as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “UCITS Regulations”).

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

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

The Company commenced trading on 8 February 2008. There are six share classes available to investors in the Company:

- Class A Dollar Non-Distributing Class (first issued on 8 February 2008)
- Class B Dollar Distributing Class (first issued on 8 February 2008)
- Class C Sterling Distributing Class (first issued on 25 April 2008)
- Class D Singapore Dollar Distributing Class (first issued on 22 December 2009)
- Class E Singapore Dollar Distributing Class (first issued on 21 September 2011)
- Class U Sterling (Unhedged) Distributing Class (first issued on 1 July 2013)

Brown Brothers Harriman Fund Administration Services (Ireland), Limited (the “Administrator”) determines the Net Asset Value (“NAV”) per Share of each Class of the Company every Friday of each calendar month (“Dealing Day”) provided 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 11 January 2011.

Investment Objective

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

In pursuit of its investment objective the Company invests in emerging 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 short and long positions in publicly traded common stocks and other equity securities of Asian issuers and Australasian issuers. In addition, the Company’s investments are likely to include situations where an event has triggered a change in the market’s perception of the future outlook for a specific company or industry. The Policy will also enable the Company to invest in equity securities of issuers in Recognised Markets outside of Asia and Australasia and in debt and other fixed-income securities of Asian and Australasian and other issuers in Recognised Markets.

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

The Fund 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).

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

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 Fund may invest will 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 Central Bank. These techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stock lending and repurchase and reverse repurchase agreements.

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

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

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

DIRECTORS' REPORT

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

Directors' Responsibility Statement

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

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

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

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

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

Books of Accounts

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

Directors

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

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

Directors' and Secretary's Interests

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

Heather Manners	5,280 Class E Singapore Dollar Distributing Class
Richard Hayes	2,753 Class E Singapore Dollar Distributing Class
Anthony Morris	2,147 Class E Singapore Dollar Distributing Class

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

DIRECTORS' REPORT (CONTINUED)

Results, Activities and Future Developments

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

Details of the state of affairs of the Company and results for the year ended 31 December 2013 are set out on pages 16 to 18. The Net Assets Attributable to Holders of Redeemable Participating Shares (for financial statement purposes) as at 31 December 2013 was US Dollar ("USD") 184,873,326 (USD 101,233,454: 31 December 2012).

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

Dividend and Distributions

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

Risk Management

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

Independent Auditors

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

Events during the Year

A fourth addendum to the Prospectus was noted by the Central Bank on 28 June 2013 to incorporate the launch of the Class U Sterling (Unhedged) Distributing Share Class.

Events since the Year End

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

Corporate Governance Statement

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

Financial Reporting Process - Description of Main Features

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

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Financial Reporting Process - Description of Main Features (continued)

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

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

Risk Assessment

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

Control Activities

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

Information and Communication

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

Monitoring

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

Capital Structure

The Director's interests in the Company as at 31 December 2013 are as follows:

Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class
Anthony Morris	2,147	Class E Singapore Dollar Distributing Class

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

There are no restrictions on voting rights.

Powers of the Directors

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

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

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Shareholder Meetings

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

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

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

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

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

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

Composition and Operation of Board and Committees

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

On behalf of the Board of Directors

Director

15 April 2014

Director

INVESTMENT MANAGER'S REPORT

In the full year the Fund rose 7.5% compared with the MSCI Asia ex Japan index which rose 3.9%.

Smaller companies were not a particular feature of stock markets in 2013. Rather the key decisions were country and theme allocation. That being said, certain smaller companies posted very strong gains over the year and many still represent excellent value compared to their larger counter parts. Moreover, we are expecting greater volatility in 2014, led by macro events, and so investors in the index may see further attrition. Smaller companies offer a strong advantage in giving investors direct exposure to the new, relevant and fast growing areas of Asia.

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

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

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

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

Overview and outlook

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

Risks and concerns

A number of risks in Asia remain.

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

INVESTMENT MANAGER'S REPORT (CONTINUED)

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

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

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

Valuations

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

Overall we remain very positive about the portfolio and the themes we hold. At the time of writing the aggregate holdings of the fund are forecast to grow earnings by 33% in the coming year, while the aggregate valuation is similar to that of the index. We believe that many of our themes represent quite profound changes in how we are living and that business models are also changing fast to accommodate new technologies and the use of data. Successfully navigating this requires a fleet foot, an open mind, a new set of questions and, without doubt, an actively managed portfolio. We are excited about the challenge and believe the fund is in a strong position to benefit.

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

Prusik Investment Management LLP
15 April 2014

REPORT OF THE CUSTODIAN TO THE SHAREHOLDERS

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

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

Responsibilities of the Custodian

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

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

Basis of Custodian Opinion

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

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

Opinion

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

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

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

15 April 2014

INDEPENDENT AUDITOR'S REPORT

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

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

Respective Responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Matters on which we are required to report by exception

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

Gareth Harman

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

15 April 2014

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

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock - 97.01% (31 December 2012: 98.40%)					
Australia - 1.95% (31 December 2012: 2.78%)					
	4,300,000	Donaco International Ltd.	4,096,019	3,606,475	1.95%
			4,096,019	3,606,475	1.95%
China - 23.09% (31 December 2012: 7.05%)					
	4,725,000	Boyaa Interactive International Ltd.	3,948,604	4,844,529	2.62%
	3,100,000	CPMC Holdings Ltd.	2,389,024	2,406,804	1.30%
	265,000	E-House China Holdings Ltd.	3,795,061	3,765,650	2.04%
	5,495,000	Hainan Meilan International Airport Co. Ltd.	5,652,267	5,442,664	2.94%
	4,000,000	Hilong Holding Ltd.	869,068	3,394,443	1.84%
	9,472,000	Hopefluent Group Holdings Ltd.	4,081,702	3,689,192	2.00%
	6,400,000	Li Ning Co. Ltd.	4,690,306	5,059,680	2.74%
	160,000	Perfect World Co. Ltd.	2,909,173	2,800,000	1.51%
	8,300,000	Sino Grandness Food Industry Group Ltd.	2,415,446	4,759,174	2.57%
	5,700,000	Sinotruk Hong Kong Ltd.	3,354,971	3,183,064	1.72%
	4,600,000	Xingda International Holdings Ltd.	2,845,820	2,723,034	1.47%
	3,050,000	Xinyi Solar Holdings Ltd.	276,398	625,431	0.34%
			37,227,840	42,693,665	23.09%
Hong Kong - 15.40% (31 December 2012: 4.50%)					
	15,500,000	Bonjour Holdings Ltd.	3,176,335	3,358,332	1.82%
	41,000,000	GOME Electrical Appliances Holding Ltd.	5,066,339	7,561,405	4.09%
	1,444,000	Newocean Energy Holdings Ltd.	1,176,508	1,178,836	0.64%
	5,636,000	Perfect Shape PRC Holdings Ltd.	527,793	857,700	0.46%
	15,100,000	Qingling Motors Co. Ltd.	4,352,836	4,381,694	2.37%
	38,000,000	REXLot Holdings Ltd.	3,913,473	5,096,823	2.76%
	27,000,000	Shenzhen International Holdings Ltd.	3,284,152	3,342,856	1.81%
	3,050,000	Xinyi Glass Holdings Ltd.	2,094,803	2,670,867	1.45%
			23,592,239	28,448,513	15.40%
India - 2.55% (31 December 2012: 3.29%)					
	472,159	Bharti Infratel Ltd.	1,885,037	1,288,331	0.70%
	325,000	PVR Ltd.	1,818,525	3,421,053	1.85%
			3,703,562	4,709,384	2.55%
Indonesia - 2.45% (31 December 2012: 4.17%)					
	5,900,000	Siloam International Hospitals Tbk PT	5,419,653	4,532,868	2.45%
			5,419,653	4,532,868	2.45%
Malaysia - 7.50% (31 December 2012: 6.02%)					
	641,300	Cocoaland Holdings Bhd.	481,126	418,601	0.23%
	8,100,000	Glomac Bhd.	2,924,071	2,767,119	1.50%
	8,870,000	Silverlake Axis Ltd.	4,951,618	6,103,211	3.30%
	637,300	Syarikat Takaful Malaysia Bhd.	1,248,167	2,002,193	1.08%
	4,400,000	Tune Ins Holdings Bhd.	2,368,264	2,563,367	1.39%
			11,973,246	13,854,491	7.50%
Philippines - 6.36% (31 December 2012: 18.10%)					
	7,090,500	EEI Corp.	1,217,228	1,525,096	0.83%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock - 97.01% (31 December 2012: 98.40%) (continued)					
Philippines - 6.36% (31 December 2012: 18.10%) (continued)					
	2,857,800	Holcim Philippines, Inc.	885,627	997,655	0.54%
	580,000	International Container Terminal Services, Inc.	863,254	1,323,288	0.72%
	3,887,399	Lafarge Republic, Inc.	854,698	768,724	0.42%
	1,189,825	Philippine Seven Corp.	1,092,572	2,639,589	1.43%
	36,064,000	RFM Corp.	3,737,441	4,475,510	2.42%
			8,650,820	11,729,862	6.36%
Singapore - 3.74% (31 December 2012: 13.46%)					
	1,500,000	Ezion Holdings Ltd.	1,379,480	2,633,660	1.42%
	6,866,000	Kreuz Holdings Ltd.	3,110,648	4,289,892	2.32%
			4,490,128	6,923,552	3.74%
South Korea - 10.53% (31 December 2012: 5.27%)					
	75,000	CJ CGV Co. Ltd.	3,542,080	3,090,293	1.67%
	77,000	Cosmax, Inc.	3,075,777	3,621,256	1.96%
	455,000	Interpark Corp.	3,496,442	4,589,974	2.48%
	317,100	KCP Co. Ltd.	3,360,961	3,228,895	1.75%
	193,132	Kolao Holdings	1,939,450	4,939,320	2.67%
			15,414,710	19,469,738	10.53%
Sri Lanka - 1.43% (31 December 2012: 0.00%)					
	1,438,822	Cargills Ceylon PLC	2,046,203	1,617,025	0.87%
	710,000	Distilleries Co. of Sri Lanka PLC	1,091,496	1,032,974	0.56%
			3,137,699	2,649,999	1.43%
Taiwan - 9.79% (31 December 2012: 0.00%)					
	840,000	PChome Online, Inc.	5,179,554	6,717,184	3.63%
	3,200,000	Taiwan FU Hsing Industrial Co. Ltd.	3,512,414	3,470,914	1.88%
	395,000	TTFB Co. Ltd.	3,503,287	3,814,250	2.06%
	3,550,000	Zinwell Corp.	3,387,344	4,106,454	2.22%
			15,582,599	18,108,802	9.79%
Thailand - 5.09% (31 December 2012: 29.58%)					
	2,910,000	Beauty Community PCL	2,147,604	1,794,322	0.97%
	3,900,000	DSG International Thailand PCL-Foreign	1,269,316	1,202,381	0.65%
	11,048,700	Thai Tap Water Supply PCL-Foreign	2,175,481	3,372,619	1.82%
	3,600,000	WHA Corp. PCL	4,697,868	3,049,451	1.65%
			10,290,269	9,418,773	5.09%
United States - 0.85% (31 December 2012: 0.00%)					
	2,350,000	GI Dynamics, Inc.	1,833,172	1,572,591	0.85%
			1,833,172	1,572,591	0.85%
Vietnam - 6.28% (31 December 2012: 4.18%)					
	720,000	Danang Rubber JSC	812,967	1,331,121	0.72%
	95,000	Dong Phu Rubber JSC	199,152	207,158	0.11%
	800,000	FPT Corp.	1,739,231	1,786,205	0.97%
	1,380,000	HAGL JSC	1,156,794	1,334,534	0.72%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets		
Common Stock - 97.01% (31 December 2012: 98.40%) (continued)							
Vietnam - 6.28% (31 December 2012: 4.18%) (continued)							
	1,420,000	Hoa Sen Group	1,832,751	2,773,359	1.50%		
	494,143	Military Commercial Joint Stock Bank	324,206	295,151	0.16%		
	1,800,000	Refrigeration Electrical Engineering Corp.	1,211,612	2,517,184	1.36%		
	806,400	Southern Rubber Industry JSC/The	914,026	1,376,174	0.74%		
			8,190,739	11,620,886	6.28%		
		Total Common Stock	153,602,695	179,339,599	97.01%		
		Total Fair Value of Investments	153,602,695	179,339,599	97.01%		
Forward Foreign Currency Contracts - (0.28%) (31 December 2012: 0.01%)							
Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
GBP	314,240	USD	(508,000)	22/01/2014	Brown Brothers Harriman	10,760	0.01%
USD	2,230,000	SGD	(2,786,385)	22/01/2014	Brown Brothers Harriman	26,256	0.01%
GBP	7,147,867	USD	(11,413,000)	22/01/2014	Brown Brothers Harriman	386,990	0.21%
						424,006	0.23%
						179,763,605	97.24%
SGD	96,230,454	USD	(77,046,000)	22/01/2014	Brown Brothers Harriman	(937,614)	(0.51%)
USD	305,000	GBP	(192,114)	22/01/2014	Brown Brothers Harriman	(12,149)	0.00%
						(949,763)	(0.51%)
						(949,763)	(0.51%)
						Value USD	% of Net Assets
						14,366,583	7.77%
						(8,307,099)	(4.50%)
						184,873,326	100.00%

BALANCE SHEET

	Notes	As at 31 December 2013 USD	As at 31 December 2012 USD
Assets			
Financial assets, at cost		153,602,695	80,195,428
Financial assets at fair value through profit or loss			
- Transferable securities		179,339,599	99,616,656
- Collective investment schemes		–	2,177,906
- Financial derivative instruments		424,006	48,030
Cash	9	14,366,583	5,737,209
Margin cash due from broker		327	424
Receivable for investments sold		–	344,373
Dividends receivable		97,633	74,295
Subscriptions receivable		24,812	–
Other assets		12,640	21,797
Total assets		194,265,600	108,020,690
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		949,763	40,993
Bank overdraft	9	11,338	–
Payable for investments purchased		4,971,569	5,456,707
Redemptions payable		2,300,746	308,310
Investment management fees	3	238,289	116,639
Administration fees	4	30,715	32,950
Custody fees	5	45,500	30,789
Directors' fees	6	3,606	–
Audit fees	7	31,734	30,697
Performance fees	3	734,842	707,371
Professional fees		53,469	44,447
Other liabilities		20,703	18,333
Total liabilities		9,392,274	6,787,236
Net Assets Attributable to Holders of Redeemable Participating Shares (for financial statement purposes)		184,873,326	101,233,454

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

BALANCE SHEET (CONTINUED)

	Notes	As at 31 December 2013	As at 31 December 2012
Class A Dollar Non-Distributing Class			
Net Assets (for financial statement purposes)	2	USD 71,628,268	USD 51,085,195
Outstanding Redeemable Participating Shares	1,2	434,878	333,682
Net Asset Value per Share	2	USD 164.71	USD 153.10
Class B Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	USD 17,773,259	USD 18,626,828
Outstanding Redeemable Participating Shares	1,2	107,810	121,556
Net Asset Value per Share	2	USD 164.86	USD 153.24
Class C Sterling Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 7,409,694	GBP 6,712,733
Outstanding Redeemable Participating Shares	1,2	86,380	84,024
Net Asset Value per Share	2	GBP 85.78	GBP 79.89
Class D Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 98,141,656	SGD 24,573,686
Outstanding Redeemable Participating Shares	1,2	433,226	116,852
Net Asset Value per Share	2	SGD 226.54	SGD 210.30
Class E Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 1,781,148	SGD 665,423
Outstanding Redeemable Participating Shares	1,2	13,179	5,487
Net Asset Value per Share	2	SGD 135.15	SGD 121.27
Class U Sterling (Unhedged) Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 2,550,003	–
Outstanding Redeemable Participating Shares	1,2	27,959	–
Net Asset Value per Share	2	GBP 91.20	–

For and on behalf of the Board of Directors of Prusik Asian Smaller Companies Fund plc

Director
15 April 2014

Director

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

PROFIT AND LOSS

	Notes	For the year ended 31 December 2013 USD	For the year ended 31 December 2012 USD
Investment income			
Dividend income		3,096,648	2,373,352
Interest income		1,949	1,443
Miscellaneous income		27,096	1,567
Net realised gain on financial assets and liabilities at fair value through profit or loss		862,840	3,319,216
Movement in net unrealised gain on financial assets and liabilities at fair value through profit or loss		3,606,166	20,474,490
Total income		7,594,699	26,170,068
Expenses			
Investment management fees	3	2,231,913	1,237,091
Performance fees	3	1,073,890	662,858
Administration fees	4	137,948	124,821
Custody fees	5	128,174	24,182
Directors' fees	6	37,374	41,582
Audit fees	7	36,861	41,792
Professional fees		133,580	136,292
Transaction costs		1,267,862	520,659
Other expenses		12,853	3,428
Total expenses		5,060,455	2,792,705
Net income before finance costs		2,534,244	23,377,363
Finance costs			
Overdraft interest		(4,075)	(21,203)
Total finance costs		(4,075)	(21,203)
Withholding tax on dividends		(249,808)	(188,356)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		2,280,361	23,167,804

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

For and on behalf of the Board of Directors of Prusik Asian Smaller Companies Fund plc

Director
15 April 2014

Director

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

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

	For the year ended 31 December 2013	For the year ended 31 December 2012
	USD	USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations	2,280,361	23,167,804
Capital Share Transactions of Redeemable Participating Shares		
Proceeds from issuance of Redeemable Participating Shares	115,405,999	67,040,846
Payments on redemption of Redeemable Participating Shares	(34,046,488)	(60,214,364)
Recontribution due to additional performance fee	3	244,647
Net increase from Capital Share Transactions of Redeemable Participating Shares	81,359,511	7,071,129
Change in Net Assets Attributable to Holders of Redeemable Participating Shares	83,639,872	30,238,933
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the year	101,233,454	70,994,521
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the year	184,873,326	101,233,454

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation of Financial Statements

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

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

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

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

(i) Classification

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

Financial assets and financial liabilities held for trading

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

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

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

(ii) Recognition

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

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

(iii) Derecognition

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

- The rights to receive cash flows from the assets have expired; or
- The Company transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under “pass through” arrangements; or
- Either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Derecognition (continued)

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

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

(iv) Initial Measurement

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

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

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

(v) Subsequent Measurement

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

Cash and other Liquid Assets

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

Derivative Instruments

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

Forward Foreign Currency Contracts

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Futures Contracts

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

Collective Investment Schemes and Real Estate Investment Trusts

Units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if traded on a Recognised Exchange, in accordance with listed securities above. As at 31 December 2013 the Company did not hold any collective investment schemes units.

Distributions Payable to Holders of Redeemable Participating Shares

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

Foreign Exchange Translation

Functional and Presentation Currency

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

Transactions and Balances

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

Investment Transactions and Investment Income

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Income and Interest Expenses

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

Dividend Income

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

Transaction Costs

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

Expenses

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

NOTES TO THE FINANCIAL STATEMENTS

1. Share Capital

Authorised

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

Non-Participating Shares

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

Redeemable Participating Shares

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

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

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	333,682	121,556	84,024
Redeemable Participating Shares issued	234,178	6,473	25,409
Redeemable Participating Shares redeemed	(132,982)	(20,219)	(23,053)
At the end of the year	434,878	107,810	86,380

	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class U Sterling (Unhedged) Distributing Class Shares
At the beginning of the year	116,852	5,487	–
Redeemable Participating Shares issued	339,317	7,692	28,428
Redeemable Participating Shares redeemed	(22,943)	–	(469)
At the end of the year	433,226	13,179	27,959

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Share Capital (continued)

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

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	290,611	96,894	102,799
Redeemable Participating Shares issued	430,274	32,059	16,803
Redeemable Participating Shares redeemed	(387,203)	(7,397)	(35,578)
At the end of the year	333,682	121,556	84,024
	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	
At the beginning of the year	126,086	3,423	
Redeemable Participating Shares issued	2,768	2,064	
Redeemable Participating Shares redeemed	(12,002)	–	
At the end of the year	116,852	5,487	

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

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

2. Net Asset Value per Redeemable Participating Share Reconciliation

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

In the current year an adjustment to the carrying amount of the Net Assets attributable to holders of Redeemable Participating Shares (for Shareholder dealing purposes) of USD739,820 (USD480,892: 31 December 2012) has been reflected in accordance with FRS 26 to reflect the bid price at the valuation point.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	Class A US Dollar Non- Distributing Class USD	Class B US Dollar Distributing Class USD	Class C Sterling Distributing Class USD	Class D Singapore Dollar Distributing Class USD	Class E Singapore Dollar Distributing Class USD
Dealing NAV	71,914,908	17,844,383	12,282,732	77,929,766	1,414,327
Deduct: FRS 26 valuation adjustment	286,640	71,124	48,957	310,614	5,637
Total NAV (for financial reporting purposes)	71,628,268	17,773,259	12,233,775	77,619,152	1,408,690
Shares Outstanding	434,878	107,810	86,380	433,226	13,179
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	164.71	164.86	141.63	179.17	106.89
NAV per Redeemable Participating Share (local currency of share class)	164.71	164.86	85.78	226.54	135.15
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	165.37	165.52	142.19	179.88	107.31
NAV per Redeemable Participating Share (local currency of share class)	165.37	165.52	86.12	227.44	135.69
		Class U Sterling (Unhedged) Distributing Class USD	Total		
Dealing NAV	4,227,030		185,613,146		
Deduct: FRS 26 valuation adjustment	16,848		739,820		
Total NAV (for financial reporting purposes)	4,210,182		184,873,326		
Shares Outstanding	27,959				
For financial reporting purposes:					
NAV per Redeemable Participating Share (USD)	150.58				
NAV per Redeemable Participating Share (local currency of share class)	91.20				
For shareholder dealing purposes:					
NAV per Redeemable Participating Share (USD)	151.19				
NAV per Redeemable Participating Share (local currency of share class)	91.57				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	Class A US Dollar Non- Distributing Class USD	Class B US Dollar Distributing Class USD	Class C Sterling Distributing Class USD	Class D Singapore Dollar Distributing Class USD	Class E Singapore Dollar Distributing Class USD	Total
NAV (dealing NAV inclusive of 31 December 2012 subscriptions)	51,327,867	18,715,311	10,908,075	20,215,679	547,414	101,714,346
Deduct: FRS 26 valuation adjustment	242,673	88,483	51,572	95,577	2,587	480,892
Total NAV (for financial reporting purposes)	51,085,194	18,626,828	10,856,503	20,120,102	544,827	101,233,454
Shares Outstanding	333,682	121,556	84,024	116,852	5,487	
For financial reporting purposes:						
NAV per Redeemable Participating Share (USD)	153.10	153.24	129.21	172.18	99.29	
NAV per Redeemable Participating Share (local currency of share class)	153.10	153.24	79.89	210.30	121.27	
For shareholder dealing purposes:						
NAV per Redeemable Participating Share (USD)	153.82	153.96	129.82	173.00	99.76	
NAV per Redeemable Participating Share (local currency of share class)	153.82	153.96	80.27	211.29	121.84	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Investment Management Fees

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

The Investment Manager receives from the Company a fee in relation to the Fund of 1.5% per annum of the NAV of the Company together with Value Added Tax ("VAT"), if any on such fee for all share classes with the exception of the Class E Singapore Dollar Distributing Class which does not charge a management fee. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be payable monthly in arrears. The Company shall bear the cost of any VAT applicable to any fees or other amounts payable to or by such nominee in the performance of their respective duties.

The Investment Manager earned a fee of USD2,231,913 during the year ended 31 December 2013 (USD1,237,091: 31 December 2012), of which USD238,289 is outstanding at the year end (USD116,639 : 31 December 2012).

Performance fee and equalisation

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus. The Investment Manager may, at its sole discretion, agree with any Shareholder, to rebate, return and or remit any part of the Management and Performance Fee which are paid or payable to the Investment Manager. Details of the Performance fees and Equalisation fees charged to the Company and payable at the end of the year are included in the Profit and Loss Account and Balance Sheet, respectively. The class E Singapore Dollar Distributing Class will not be charged a Performance Fee.

In relation to Classes A, B, C, D and U the Investment Manager also receives a Performance Fee out of the assets of the Company. The Performance Fee is calculated in respect of each twelve month period ending on 31 December respectively in each year (a "Calculation Period") for Classes A, B, C, D and quarterly for Class U. 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.

In the case of Classes A, B, C and D classes there is a further calculation, which is intended to ensure the performance fee for these classes is based on the performance of each individual shareholding, and the result of this calculation is that certain shareholders may benefit from a credit against future performance fees referred to as an equalisation credit. Other shareholders may be required to pay additional amounts of performance fee if they have subscribed for shares at a time when the Net Asset Value per Share of the relevant class is less than that when a performance fee was last paid for that class. The Investment Manager will not charge the Holders of Participating Shares of the Company a performance fee if the Net Asset Value does not appreciate by more than 6% per annum for classes A, B, C and D or 1.5% per quarter for class U.

A Performance Fee of USD1,073,890 was earned during the year ended 31 December 2013 (USD662,858: 31 December 2012), which does not include any recontribution due to additional performance fees (USD244,647: 31 December 2012). The performance fee outstanding at the year end was USD734,842 (USD707,371: 31 December 2012), which includes USDNil of an additional performance fee (USD244,647: 31 December 2012).

4. Administration Fees

With effect from 1 January 2012, the Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator") a fee of 0.04% of the NAV of the Company if the NAV is less than USD200,000,000, 0.03% of any increment greater than USD200,000,000 and less than USD400,000,000, and 0.02% of any increment greater than USD400,000,000 (plus VAT, if any). For a period of eighteen months from 1 June 2012 until 1 December 2013 the Administrator's fees were subject to a minimum monthly charge of USD7,335. Thereafter, this monthly minimum charge reverted to USD4,000. The Administrator is also entitled to receive registration fees and transaction and reporting charges at normal commercial rates which shall accrue daily and be paid monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Administration Fees (continued)

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

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

The Administrator earned a fee of USD137,948 during the year ended 31 December 2013 (USD124,821: 31 December 2012), of which USD30,715 is outstanding at the year end (USD32,950: 31 December 2012).

5. Custodian Fees

The Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Custodian") the Custodian a trustee fee of 0.02% of the NAV of the Fund. The Custodian also receives a custody fee ranging from 0.0075% to 0.60% of the NAV of the investments that each fund makes in each relevant market. The Custodian fees are payable monthly in arrears, subject to a minimum charge of USD36,000 per Fund per annum.

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

The Custodian earned a fee of USD128,174 during the year ended 31 December 2013 (USD24,182: 31 December 2012), of which USD45,500 is outstanding at the year end (USD30,789: 31 December 2012).

6. Directors' Fees

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

The Directors earned a fee of USD37,374 during the year ended 31 December 2013 (USD41,582: 31 December 2012), of which USD3,606 is outstanding at the year end (USDNil: 31 December 2012).

7. Auditors Remuneration

Audit fees charged to the Profit and Loss Account for the year ended 31 December 2013 amounted to USD36,861 (USD41,792: 31 December 2012) of which USD31,734 is outstanding at the year ended 31 December 2013 (USD30,697: 31 December 2012). This represents remuneration for work carried out for the Company for statutory audit of financial statements.

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

	Year ended 31 December 2013	Year ended 31 December 2012
	USD	USD
Statutory audit fees	36,861	41,792

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Related Parties

Directors

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

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

David Hammond is a Director of Bridge Consulting, a financial services consultancy and business advisory firm which provided services relating to the Company's governance requirements under the UCITS Regulations. Bridge Consulting earned a fee of USD36,913 for the year ended 31 December 2013 (USD17,756: 31 December 2012), of which USD7,432 is outstanding at the year end (USDNil: 31 December 2012).

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

Related Party	Shares held	Share Class
Heather Manners	5,280	Class E SGD\$ Distributing Class
Prusik Investment LLP	83	Class E SGD\$ Distributing Class
Prusik Investment Management Singapore Private Limited	98	Class E SGD\$ Distributing Class
Anthony Morris	2,147	Class E SGD\$ Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E SGD\$ Distributing Class
Richard Hayes	2,753	Class E SGD\$ Distributing Class

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

Related Party	Shares held	Share Class
Heather Manners	2,950	Class D SGD\$ Distributing Class
Prusik Investment Management Singapore Private Limited	88	Class E SGD\$ Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E SGD\$ Distributing Class
Richard Hayes	1,282	Class E SGD\$ Distributing Class

9. Cash

	31 December 2013	31 December 2012
	USD	USD
Brown Brothers Harriman & Co.	381,506	254,748
Brown Brothers Harriman & Co., Grand Cayman	533	464
Citibank	10,854,095	5,481,997
HSBC Bank Plc, Singapore	3,119,111	-
	<u>14,355,245</u>	<u>5,737,209</u>

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

10. Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Taxation (continued)

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:

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

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

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

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

11. Soft Commission Agreements

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

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

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

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

12. Efficient Portfolio Management

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Exchange Rates

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

	31 December 2013	31 December 2012
Australian Dollar	1.1208	0.9635
Euro	0.7266	0.7581
Hong Kong Dollar	7.7539	7.7506
Indian Rupee	61.8450	54.7900
Indonesian Rupiah	12,170.0000	9,637.5000
Malaysian Ringgit	3.2785	3.0580
Philippine Peso	44.4000	41.0050
Pound Sterling	0.6057	0.6183
Singapore Dollar	1.2644	1.2214
Sri Lankan Rupee	130.8000	-
South Korean Won	1,055.7250	1,063.6400
Taiwan Dollar	29.8250	29.0490
Thailand Baht	32.7600	30.5600
Vietnamese Dong	21,095.0000	20,840.0000

14. Financial Risk Management

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

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

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

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

a) Market Risk

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

(i) Market Price Risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

a) Market Risk (continued)

(i) Market Price Risk (continued)

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

A 5% increase or decrease in the market price of investments at 31 December 2013, with all other variables held constant, would have increased or decreased the Net Assets Attributable to Holders of Redeemable Participating Shares of the Company by approximately 5% or USD8,966,980 (USD5,089,728: 31 December 2012).

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

(ii) Currency Risk

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

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

The table below sets out the Company's total exposure to foreign currency at the year ended 31 December 2013, including sensitivity analysis.

	Cash	Non- Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	45	5,179,065	5,179,110	258,956
British Pound	397,935	12,001,600	12,399,535	619,977
Euro	484	–	484	24
Hong Kong Dollar	4	58,640,846	58,640,850	2,932,042
Indian Rupee	–	4,709,384	4,709,384	235,469
Indonesian Rupiah	–	4,532,868	4,532,868	226,643
Malaysian Ringgit	4,890	7,751,280	7,756,170	387,809
Phillipine Peso	5,589	11,729,864	11,735,453	586,773
Singapore Dollar	3,107,773	90,108,979	93,216,752	4,660,838
Sri Lankan Rupee	–	2,656,929	2,656,929	132,846
South Korean Won	–	19,560,441	19,560,441	978,022
Taiwan Dollar	–	18,108,801	18,108,801	905,440
Thai Baht	–	9,418,773	9,418,773	470,939
Vietnam Dong	377,990	11,620,886	11,998,876	599,944

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

a) Market Risk (continued)

(ii) Currency Risk (continued)

The table below sets out the Company's total exposure to foreign currency at the year ended 31 December 2012, including sensitivity analysis.

	Cash	Non-Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	8,190	(527,721)	(519,531)	(25,977)
British Pound	64,937	9,566,837	9,631,774	481,589
Euro	455	–	455	23
Hong Kong Dollar	229,461	6,477,437	6,706,898	335,345
Indonesian Rupiah	–	372,731	372,731	18,637
Malaysian Ringgit	–	4,963,712	4,963,712	248,186
Phillipine Peso	–	2,997,052	2,997,052	149,853
Singapore Dollar	3,322,781	20,169,796	23,492,577	1,174,629
South Korean Won	–	3,573,840	3,573,840	178,692
Taiwan Dollar	394,684	4,902,467	5,297,151	264,858
Thai Baht	–	8,327,370	8,327,370	416,369
Vietnam Dong	–	11,802	11,802	590

(iii) Interest Rate Risk

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

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

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

b) Credit Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

b) Credit Risk (continued)

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

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

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

The credit ratings for other institutions are outlined below:

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

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

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

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

The Company invests in equity securities and has limited or no exposure to credit risk on its investments. However the Company has exposure to credit risk on any cash balances and forward foreign exchange positions held for share class currency hedging purposes. The notional amount as at 31 December 2013 was USD90,962,136 (USD33,797,399: 31 December 2012).

c) Liquidity Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

c) Liquidity Risk (continued)

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

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

31 December 2013

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Payable for Investments Purchased	4,971,569	–	4,971,569
Redemptions payable	2,300,746	–	2,300,746
Other Payables	–	1,170,196	1,170,196
Redeemable Participating Shares	184,873,326	–	184,873,326
Total	192,145,641	1,170,196	193,315,837
<i>Forward foreign currency exchange contracts</i>			
Payables	77,363,149	–	77,363,149
Receivables	(76,413,386)	–	(76,413,386)
Net	949,763	–	949,763
Total	193,095,404	1,170,196	194,265,600

31 December 2012

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Payable for Investments Purchased	5,456,707	–	5,456,707
Redemptions payable	308,310	–	308,310
Other Payables	–	981,226	981,226
Redeemable Participating Shares	101,233,454	–	101,233,454
Total	106,998,471	981,226	107,979,697
<i>Forward foreign currency exchange contracts</i>			
Payables	33,787,150	–	33,787,150
Receivables	(33,797,969)	–	(33,797,969)
Net	(10,819)	–	(10,819)
Total	106,987,652	981,226	107,968,878

d) Fair Value Estimation

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

The fair value hierarchy has the following levels:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

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

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

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

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

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

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

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

As at 31 December 2013

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	166,155,176	13,184,423	–	179,339,599
Forward foreign currency contracts	–	424,006	–	424,006
Total Assets	166,155,176	13,608,429	–	179,763,605

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(949,763)	–	(949,763)
Total Liabilities	–	(949,763)	–	(949,763)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

As at 31 December 2012

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	99,616,656	–	–	99,616,656
Real Estate Investment Trusts	2,177,906	–	–	2,177,906
Forward foreign currency contracts		48,030		48,030
Total Assets	101,794,562	48,030	–	101,842,592

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(40,993)	–	(40,993)
Total Liabilities	–	(40,993)	–	(40,993)

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

	Level 1 USD	Level 2 USD	Level 3 USD
Transfers between Level 1 and 2 :			
Equity Securities	(4,575,000)	4,575,000	–

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

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

Capital Management

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

15. Portfolio Analysis

As at 31 December 2013

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	179,339,599	92.32
Financial derivative instruments (Forward Contracts)	(525,757)	(0.27)
Net financial assets at fair value through profit or loss	178,813,842	92.05

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Portfolio Analysis (continued)

As at 31 December 2012	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	101,794,562	94.24
Financial derivative instruments (Forward Contracts)	7,037	0.01
Net financial assets at fair value through profit or loss	101,801,599	94.25

16. Significant Events during the Year

A fourth addendum to the Prospectus was noted by the Central Bank on 28 June 2013 to incorporate the launch of the Class U Sterling (Unhedged) Distributing Share Class.

17. Events since the Year End

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

18. Approval of Financial Statements

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

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO

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

Major Purchases for the year ended 31 December 2013

Security Description	Acquisitions Nominal	Cost USD
Hainan Meilan International Airport Co. Ltd.	5,495,000	5,630,536
Gamevil, Inc.	98,000	5,629,639
Siloam International Hospitals Tbk PT	5,900,000	5,398,007
PChome Online, Inc.	840,000	5,166,637
GOME Electrical Appliances Holding Ltd.	41,000,000	5,050,782
WHA Corp. PCL	3,600,000	4,678,662
Li Ning Co. Ltd.	6,400,000	4,674,678
China Wireless Technologies Ltd.	10,900,000	4,504,875
Silverlake Axis Ltd.	7,300,000	4,478,928
Qingling Motors Co. Ltd.	15,100,000	4,334,436
Donaco International Ltd.	4,300,000	4,087,788
Hopefluent Group Holdings Ltd.	9,472,000	4,067,389
Boyaa Interactive International Ltd.	4,725,000	3,932,988
Tianneng Power International Ltd.	9,500,000	3,921,798
REXLot Holdings Ltd.	38,000,000	3,896,795
KSL Holdings Bhd.	5,350,000	3,814,960
E-House China Holdings Ltd.	265,000	3,787,486
Magic Holdings International Ltd.	5,800,000	3,658,202
Asia Sermkij Leasing PCL	5,100,000	3,629,913
CJ CGV Co. Ltd.	75,000	3,533,247
Taiwan FU Hsing Industrial Co. Ltd.	3,200,000	3,503,655
TTFB Co. Ltd.	395,000	3,494,551
Interpark Corp.	455,000	3,487,723
Courts Asia Ltd.	3,880,000	3,401,835
Zinwell Corp.	3,550,000	3,378,896
KCP Co. Ltd.	302,000	3,352,580
Sinotruk Hong Kong Ltd.	5,700,000	3,344,542
Sino Thai Engineering & Construction PCL-NVDR	5,250,000	3,343,987
Shenzhen International Holdings Ltd.	27,000,000	3,274,068
Mah Sing Group Bhd.	3,130,000	3,165,553
Bonjour Holdings Ltd.	15,500,000	3,165,004
Sriracha Construction PCL-NVDR	1,670,000	3,124,993
Senao International Co. Ltd.	888,000	3,091,536

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

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

Security Description	Acquisitions Nominal	Cost USD
Infracore, Inc.	214,500	3,085,441
Cosmax, Inc.	77,000	3,068,106
Glomac Bhd.	8,100,000	2,915,580
Perfect World Co. Ltd.	160,000	2,903,366
Xingda International Holdings Ltd.	4,600,000	2,837,082
RFM Corp.	24,000,000	2,655,532
Osstem Implant Co. Ltd.	92,000	2,404,962
Goodbaby International Holdings	5,250,000	2,390,778
CPMC Holdings Ltd.	3,100,000	2,380,790
Xinyi Glass Holdings Ltd.	3,050,000	2,362,043
Tune Ins Holdings Bhd.	4,400,000	2,361,596
Duksan Hi-Metal Co. Ltd.	92,000	2,334,114
Northern Star Resources Ltd.	2,000,000	2,273,875
Unique Engineering & Co.	13,500,000	2,255,110
Ktis Corp.	480,280	2,189,994
Beauty Community PCL-NVDR	2,910,000	2,140,846

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

Major Sales for the year ended 31 December 2013

Security Description	Disposals Nominal	Proceeds USD
Sino Thai Engineering & Construction PCL-Foreign	10,900,000	8,262,973
Airports of Thailand PCL	1,389,200	5,973,633
Gamevil, Inc.	108,500	4,609,635
Magic Holdings International Ltd.	5,800,000	4,550,602
Tianneng Power International Ltd.	11,500,000	4,364,685
Super Group Ltd.	1,459,000	4,091,386
Lian Beng Group Ltd.	8,694,000	3,633,759
Asia Sermkij Leasing PCL	6,850,000	3,561,294
LPN Development PCL-Foreign	4,909,700	3,541,759
China Wireless Technology Ltd.	10,900,000	3,437,301
Unique Engineering & Co.	13,500,000	3,372,966
KSL Holdings Bhd.	5,350,000	3,319,969
Oldtown Bhd.	3,987,100	3,317,033
Bangkok Expressway PCL-Foreign	2,500,000	3,140,744
Sriracha Construction PCL-Foreign	2,770,000	3,124,490
Puregold Price Club, Inc.	3,095,500	2,953,377
ARA Asset Management Ltd.	1,887,000	2,840,947
Senao International Co. Ltd.	888,000	2,727,429
Hemaraj Land Development PCL	26,050,000	2,675,192
Goodbaby International Holdings	5,250,000	2,638,249
Mah Sing Group Bhd.	3,756,000	2,522,089
MCOT PCL	1,465,000	2,446,666
Infracore, Inc.	214,500	2,397,006
Bangchak Petroleum PCL	2,022,600	2,394,533
Prince Frog International Holdings Ltd.	3,500,000	2,262,863
Courts Asia Ltd.	3,880,000	2,237,301
Ezra Holdings Ltd.	2,281,000	2,127,359
Tower Bersama Infrastructure Tbk PT	4,180,000	2,100,625
Naim Holdings Bhd.	1,750,000	2,067,581
Mapletree Logistics Trust	2,415,663	2,030,022
Osstem Implant Co. Ltd.	92,000	1,998,272
Alliance Financial Group Bhd.	1,277,300	1,822,967
Tibet 5100 Water Resources Holdings Ltd.	6,600,000	1,805,991
Ktis Corp.	480,280	1,792,358
Duksan Hi-Metal Co. Ltd.	92,000	1,770,015
China Lilang Ltd.	2,900,000	1,721,520
Bioland Ltd.	110,000	1,629,780
Pepsi-Cola Products Philippines, Inc.	14,334,000	1,555,440
Jasa Marga Persero Tbk PT	3,104,000	1,480,487

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

David Hammond* (Irish)
Heather Manners (British)
Anthony Morris (British) (Alternate Director)
Richard Hayes* (Irish)
All the directors are non-executive directors.
*Independent of the Investment Manager

**PROMOTER , INVESTMENT MANAGER
AND DISTRIBUTOR**

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Simmons & Simmons
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United Kingdom

COMPANY SECRETARY

Tudor Trust Limited
33 Sir John Rogerson's Quay
Dublin 2
Ireland

COMPANY NAME AND REGISTERED OFFICE

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Dublin 2
Ireland

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CUSTODIAN

Brown Brothers Harriman Trustee
Services (Ireland) Limited
Styne House
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GOVERNANCE SERVICES PROVIDER

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