

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 2012**

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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 2012 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) (Amendment) Regulations, 2012, (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 five 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 Class (first issued on 21 September 2011)

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 (B or higher) or non-investment grade).

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

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

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

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

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

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

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements for Prusik Asian Smaller Companies Fund plc (the "Company") for the year ended 31 December 2012.

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 2012 (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 2012 are set out below.

Heather Manners
David Hammond
Richard Hayes
Tony Morris (an alternate Director)

Directors' and Secretary's Interests

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

Heather Manners	2,950 Class D Singapore Dollar Distributing Class
Richard Hayes	1,282 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 2012 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 2012 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 2012 was US Dollar ("USD") 101,233,454 (USD 70,994,521: 31 December 2011).

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 2012 (USD Nil: 31 December 2011).

Risk Management

The risks as determined 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 31 to 37.

Independent Auditor

The independent auditor 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

With effect from 1 January 2012, Citi Fund Services (Ireland), Limited was replaced as Administrator of the Company by Brown Brothers Harriman Fund Administration Services (Ireland) Limited.

Events since the Year End

There were no events since the year end that had a material effect on the financial statements.

Corporate Governance Statement

The Company is subject to and complies with Irish statute comprising the Companies Acts, 1963 to 2012, 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 services 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 and monitors and evaluates the Independent Auditors' performance, qualifications and independence. 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 Independent Auditors.

Capital Structure

The Director's interests in the Company as at 31 December 2012 are as follows:

Heather Manners	2,950	Class D Singapore Dollar Distributing Class
Richard Hayes	1,282	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 2012, 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 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 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.

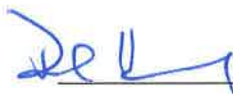
Composition and Operation of Board and Committees

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



Director

29 April 2013

INVESTMENT MANAGERS' REPORT

2012 was a good year for Asia and an excellent year for the Fund which rose 30.8% compared with the MSCI Asia ex Japan index which rose 22.96% and the MSCI Asia Smaller Companies index which rose just 20.7%.

The major contributing factor to performance was our asset allocation towards ASEAN and in particular our overweight positions in Thailand, the Philippines and Vietnam, all of which outperformed the north of the region, but which combined make up a very small fraction of the region's index. Additionally, although smaller companies didn't do as well as their larger counterparts, the domestic demand story continued to drive very strong earnings growth and our large exposure in certain carefully selected areas of consumption such as tourism, leisure, local brands, the growth of modern retail, packaged foods and personal finance benefitted the Fund. Our infrastructure theme also did well with notable performance from our Thai and Philippine construction companies.

Year Review

Over the first quarter the stock markets in Asia were quite strong, reflecting attractive valuations as markets were oversold in 2011. Additional impetus was created by the easier liquidity environment in Asia and the recognition that there were several areas of the region with very strong fundamentals. The positive contributors to performance largely came from the ASEAN region, especially from Vietnam, but additionally from Thailand and the Philippines.

The second quarter saw a mild correction in markets but the Fund made a positive return driven by the Philippines and our Korean mobile gaming stocks.

The second half of 2012 produced two quarters of steady, positive returns and precious little volatility. Although Vietnam gave way to serious concerns over the recapitalization of the banking sector, individual companies there did well and ASEAN in general, once again, swept the board in the region's performance tables.

Overall in 2012 there was probably only one major decision that Asian Fund managers needed to make. This was at any mention of macroeconomics in Europe and the US to remain calm and refocus on the opportunities in Asia. The rewards for determinedly concentrating on Asia and the significantly different macroeconomic environment there, combined with focusing on individual Asian companies, their business opportunities and their valuations, have been very good indeed. The region has also probably just delivered its most 'cogent' year in a while. By this we mean that good fundamentals were rewarded with good performance. In turn the dispersion of returns was very high and not all markets performed in line. Interestingly, in 2012 big index stocks generally did very well. However, this is less surprising when you consider the fact that out of the USD51 billion which flowed into Emerging Markets in 2012 some USD36 billion of this went into ETFs versus just USD15 billion into active Funds!

Outlook – General Thoughts

- 1) The Yen will continue its recent weakening trend and in fact this may accelerate. Evidence suggests that Japan will have to print considerably more money after the first quarter of 2013, something which could have three important consequences:
 - a) Korean and Taiwanese competitiveness could be at risk.
 - b) China may be forced to choose a path for its currency with dramatic consequences. Will they join the fray and print or allow the currency to strengthen and attempt to create a new reserve currency?
- 2) With the partial resolution of the 'fiscal cliff' and the above mentioned Japanese printing, liquidity should remain supportive of equities, albeit with an increased risk of inflation later in the year.
- 3) Money which is still hiding in 'defensive' low return assets such as bonds and cash will continue to be forced into higher return and thus higher risk areas.
- 4) By the year end interest rates in certain Asian countries might have started to increase. Typically, early periods of tightening are often associated with strong earnings growth and mild inflation - stock markets don't tend to respond negatively until roughly the third round of interest rate hikes. As such, it will be important to be mindful of where we are in the cycle.
- 5) Asian stock markets are likely to keep up with earnings growth in 2013. In 2007 the MXASJ Index was 40% above indexed earnings, whilst they started 2013 some 13% below 2012 earnings and 28% below 2013 estimated earnings. Therefore, there is still plenty of upside assuming, with the admittedly not insignificant caveat, that estimates are correct.

INVESTMENT MANAGERS' REPORT (CONTINUED)

Outlook – General Thoughts (continued)

- 6) After 5 terrible years China might have a strong year in equities, driven by a recovery in margins, inventory restocking and attractive valuations.
- 7) Infrastructure will become an even bigger theme in 2013. For example, Thailand has pledged to spend USD72 billion over the coming six years and in 2013 will see a 500% year on year increase in infrastructure spending. China and India will spend a total of USD2 trillion by 2017.
- 8) ASEAN, which has outperformed for a number of years, will become widely understood as a discrete region within Asia and worthy of separate note. The 2015 ASEAN Economic Community, which will see all countries in ASEAN open for business to companies from anywhere in ASEAN on equal terms, will become extremely important. This transformation combined with a strong credit cycle, huge infrastructure spending and a 50% increase in the size of the region's middle class in the coming three years should lead to growth in the region exceeding expectations. Owing to this, the ASEAN stock markets may yet see more international interest despite the lack of a valuation discount.
- 9) Global food stocks have fallen to dangerously low levels and we may well see food prices rise very sharply at some point in 2013.
- 10) New and important themes for companies include 'deep automation' i.e. automation that involves an element of 'intelligence' and internet connectivity, and 'business intelligence' i.e. a new business model which optimizes the collection and use of data with the help of algorithms. This latter phenomenon in particular will be a game changer - it can add spectacular productivity and strengthen competitive advantages to any company that adopts this approach.
- 11) Volatility is very unlikely to remain as low as in 2012.

In Asia we think this adds up to another year where equities could do very well. In short many countries around the world will be at the printing presses and much of that liquidity could find its way into Asia. We think it will be essential to ignore the index and favour more domestic opportunities, particularly via smaller markets and companies. We also believe that, after the opening of China and the rise of Asia's middle class, ASEAN will emerge as the next big investment theme in Asia.

However, we cannot ignore the risks. These include the possibility that this year valuations in select markets and sectors might get very expensive and that signs of inflation may appear. Thematically we remain very keen on carefully selected aspects of domestic consumption, in particular, leisure and tourism, services and the growth of modern retail in the developing countries. We are also very keen on infrastructure whilst ASEAN remains our largest geographical weighting.

We would like to thank investors for their tremendous support during the year.

REPORT OF THE CUSTODIAN TO THE SHAREHOLDER

We have enquired into the conduct of Prusik Asian Smaller Companies Fund plc (the “Company”) for the year ended 31 December 2012, 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, 2012 (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

29 April 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIAN SMALLER COMPANIES FUND PLC

We have audited the financial statements of Prusik Asian Smaller Companies Fund plc for the year ended 31 December 2012 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 2012, 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' Responsibilities 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 Managers' Report and the Report of the Custodian to the Shareholder 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIAN SMALLER COMPANIES FUND PLC (continued)

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 2012 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 2012 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 2012

- ▶ 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.

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 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

A handwritten signature in black ink, appearing to read 'Gareth Harman', written over a light grey rectangular background.

for and on behalf of Ernst & Young

Dublin

Date: 29 April 2013

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock - 98.40% (31 December 2011: 69.61%)					
Australia - 2.78% (31 December 2011: 9.16%)					
	743,500	Blackthorn Resources Ltd.	929,958	980,032	0.97%
	570,000	Perseus Mining Ltd.	1,883,435	1,236,450	1.22%
	4,100,000	Phosphagenics Ltd.	646,415	595,755	0.59%
			3,459,808	2,812,237	2.78%
China - 7.05% (31 December 2011: 2.19%)					
	4,000,000	Hilong Holding Ltd.	869,068	1,393,440	1.38%
	4,520,000	Hopefluent Group Holdings Ltd.	1,640,747	1,551,260	1.53%
	3,300,000	Sino Grandness Food Industry Group Ltd.	1,364,770	1,688,705	1.67%
	1,600,000	Zhaojin Mining Industry Co. Ltd.	1,976,089	2,497,871	2.47%
			5,850,674	7,131,276	7.05%
Hong Kong - 4.50% (31 December 2011: 0.00%)					
	3,866,000	Bosideng International Holdings Ltd.	1,153,400	1,137,264	1.12%
	2,000,000	Tianneng Power International Ltd.	1,080,275	1,285,062	1.27%
	6,600,000	Tibet 5100 Water Resources Holdings Ltd.	2,084,270	2,137,383	2.11%
			4,317,945	4,559,709	4.50%
India - 3.29% (31 December 2011: 3.44%)					
	472,159	Bharti Infratel Ltd.	1,885,037	1,668,801	1.65%
	325,000	PVR Ltd.	1,818,525	1,659,107	1.64%
			3,703,562	3,327,908	3.29%
Indonesia - 4.17% (31 December 2011: 0.52%)					
	3,104,000	Jasa Marga Persero Tbk PT	1,433,296	1,755,310	1.73%
	4,180,000	Tower Bersama Infrastructure Tbk PT	2,045,649	2,472,218	2.44%
			3,478,945	4,227,528	4.17%
Malaysia - 6.02% (31 December 2011: 6.97%)					
	1,277,300	Alliance Financial Group Bhd.	1,482,584	1,821,134	1.80%
	641,300	Cocoaland Holdings Bhd.	481,126	476,047	0.47%
	3,987,100	Oldtown Bhd.	2,850,516	2,946,647	2.91%
	1,570,000	Silverlake Axis Ltd.	458,755	636,304	0.63%
	117,300	Syarikat Takaful Malaysia Bhd.	107,885	208,670	0.21%
			5,380,866	6,088,802	6.02%
Philippines - 18.10% (31 December 2011: 4.22%)					
	7,090,500	EEI Corp.	1,217,228	1,729,179	1.71%
	2,360,000	First Gen Corp.	1,087,281	1,283,453	1.27%
	2,857,800	Holcim Philippines, Inc.	885,627	940,868	0.93%
	1,176,820	International Container Terminal Services, Inc.	1,730,712	2,110,843	2.08%
	3,887,399	Lafarge Republic, Inc.	854,698	1,061,794	1.05%
	14,334,000	Pepsi-Cola Products Philippines, Inc.	1,074,578	2,223,247	2.20%
	1,034,630	Philippine Seven Corp.	1,092,572	2,321,326	2.29%
	3,095,500	Puregold Price Club, Inc.	1,271,667	2,445,902	2.42%
	12,064,000	RFM Corp.	1,053,999	1,462,214	1.44%
	411,260	Security Bank Corp.	1,178,118	1,564,603	1.54%
	10,000,000	Vista Land & Lifescapes, Inc.	881,279	1,182,783	1.17%
			12,327,759	18,326,212	18.10%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock - 98.40% (31 December 2011: 69.61%) (continued)					
Singapore - 13.46% (31 December 2011: 10.30%)					
	1,887,000	ARAR Asset Management Ltd.	1,720,129	2,479,744	2.45%
	1,250,000	Ezion Holdings Ltd.	1,379,480	1,724,526	1.70%
	2,281,000	Ezra Holdings Ltd.	2,105,181	2,129,070	2.10%
	3,866,000	Kreuz Holdings Ltd.	1,298,050	1,281,967	1.27%
	4,694,000	Lian Beng Group Ltd.	1,509,425	1,556,532	1.54%
	46,000,000	MDR Ltd.	491,419	489,622	0.48%
	1,459,000	Super Group Ltd.	2,011,767	3,822,655	3.78%
	227,000	Triyards holdings Ltd.	119,971	138,466	0.14%
			10,635,422	13,622,582	13.46%
South Korea - 5.27% (31 December 2011: 1.70%)					
	14,000	Daum Communications Corp.	1,322,291	1,192,509	1.18%
	10,500	Gamevil, Inc.	576,692	995,073	0.98%
	182,200	Kolao Holdings	1,939,450	3,151,893	3.11%
			3,838,433	5,339,475	5.27%
Thailand - 29.58% (31 December 2011: 11.63%)					
	1,029,200	Airports of Thailand PCL	1,755,349	3,266,767	3.23%
	1,750,000	Asia Sermkij Leasing PCL	1,139,258	1,128,109	1.11%
	2,022,600	Bangchak Petroleum PCL	1,940,643	2,101,360	2.08%
	1,500,000	Bangkok Expressway PCL-Foreign	1,351,103	1,705,661	1.68%
	1,000,000	Bangkok Expressway PCL-NVDR	1,067,534	1,137,107	1.12%
	3,500,000	DSG International Thailand PCL-Foreign	1,138,759	1,007,853	1.00%
	1,750,000	DSG International Thailand PCL-NVDR	569,380	503,927	0.50%
	26,050,000	Hemaraj Land & Development PCL	1,544,038	2,574,313	2.54%
	4,909,700	LPN Development PCL	2,264,573	2,875,773	2.84%
	1,465,000	MCOT PCL	1,871,050	2,253,109	2.23%
	30,000,000	Raimon Land PCL	1,842,117	2,100,785	2.07%
	4,350,000	Sino Thai Engineering & Construction PCL-Foreign	1,609,818	3,878,845	3.83%
	350,000	Sino Thai Engineering & Construction PCL-NVDR	307,673	303,501	0.30%
	1,900,000	Srithai Superware PCL-Foreign	1,759,246	1,725,294	1.70%
	66,000	Srithai Superware PCL-NVDR	60,548	59,931	0.06%
	10,148,700	Thai Tap Water Supply PCL-Foreign	1,903,368	3,055,237	3.02%
	900,000	Thai Tap Water Supply PCL-NVDR	272,114	269,470	0.27%
			22,396,571	29,947,042	29.58%
Vietnam - 4.18% (31 December 2011: 0.02%)					
	300,000	Danang Rubber JSC	163,895	368,522	0.36%
	95,000	Dong Phu Rubber JSC	199,152	225,648	0.22%
	1,150,000	HAGL JSC	1,046,878	1,191,939	1.18%
	700,000	Hoa Sen Group	508,856	641,555	0.63%
	3	Military Commercial Joint Stock Bank	2	2	0.00%
	3	Military Commercial Joint Stock Bank Right 14/1/13	-	-	0.00%
	720,000	Petroleum Equipment Assembly & Metal Structure JSC 14/1/13	-	-	0.00%
	1,800,000	Refrigeration Electrical Engineering Corp.	1,211,613	1,433,781	1.42%
	336,000	Southern Rubber Industry JSC/The	250,927	372,438	0.37%
			3,381,323	4,233,885	4.18%
Total Common Stock			78,771,308	99,616,656	98.40%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets		
Real Estate Investment Trusts - 2.15% (31 December 2011: 0.00%)							
Singapore - 2.15% (31 December 2011: 0.00%)							
	2,343,600	Mapletree Logistics Trust	1,424,120	2,177,906	2.15%		
			1,424,120	2,177,906	2.15%		
		Total Real Estate Investment Trusts	1,424,120	2,177,906	2.15%		
		Total Fair Value of Investments	80,195,428	101,794,562	100.55%		
Forward Foreign Currency Contracts - 0.01% (31 December 2011: (0.32%))							
Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
SGD	135,609	USD	(111,000)	20/03/2013	Brown Brothers Harriman	25	0.00%
GBP	210,396	USD	(340,000)	20/03/2013	Brown Brothers Harriman	191	0.00%
GBP	1,051,850	USD	(1,700,000)	20/03/2013	Brown Brothers Harriman	743	0.00%
GBP	5,842,683	USD	(9,400,000)	20/03/2013	Brown Brothers Harriman	47,071	0.05%
						48,030	0.05%
						101,842,592	100.60%
SGD	24,382,600	USD	(20,000,000)	20/03/2013	Brown Brothers Harriman	(37,579)	(0.04%)
USD	875,533	GBP	(543,000)	20/03/2013	Brown Brothers Harriman	(2,447)	0.00%
SGD	487,652	USD	(400,000)	20/03/2013	Brown Brothers Harriman	(751)	0.00%
USD	957,682	SGD	(1,170,000)	20/03/2013	Brown Brothers Harriman	(216)	0.00%
						(40,993)	(0.04%)
						(40,993)	(0.04%)
						Value USD	% of Net Assets
Cash						5,737,209	5.67%
Other Net Liabilities						(6,305,354)	(6.23%)
Net Assets Attributable to Holders of Redeemable Participating Shares						101,233,454	100.00%


BALANCE SHEET

	Notes	As at 31 December 2012 USD	As at 31 December 2011 USD
Assets			
Financial assets, at cost		80,195,428	47,465,794
Financial assets at fair value through profit or loss			
- Transferable securities		99,616,656	49,421,427
- Collective investment schemes		2,177,906	-
- Financial derivative instruments		48,030	
Cash	9	5,737,209	20,560,209
Margin cash due from broker		424	3,412,626
Receivable for investments sold		344,373	-
Dividends receivable		74,295	31,059
Other assets		21,797	33,533
Total assets		108,020,690	73,593,475
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		40,993	245,310
Payable for investments purchased		5,456,707	2,120,540
Redemptions payable		308,310	-
Investment management fees	3	116,639	94,937
Administration fees	4	32,950	39,126
Custody fees	5	26,283	24,254
Trustee fees	5	4,506	-
Directors' fees	6	-	4,360
Audit fees	7	30,697	40,149
Performance fees	3	707,371	-
Professional fees		44,447	-
Other liabilities		18,333	30,278
Total liabilities		6,787,236	2,598,954
Net Assets Attributable to Holders of Redeemable Participating Shares (for financial statement purposes)		101,233,454	70,994,521


BALANCE SHEET (CONTINUED)

	Notes	As at 31 December 2012	As at 31 December 2011
Class A Dollar Non-Distributing Class			
Net Assets (for financial statement purposes)	2	USD 51,085,194	USD 34,045,528
Outstanding Redeemable Participating Shares	1,2	333,682	290,611
Net Asset Value per Share	2	USD153.10	USD 117.15
Class B Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	USD18,626,828	USD 11,362,905
Outstanding Redeemable Participating Shares	1,2	121,556	96,894
Net Asset Value per Share	2	USD 153.24	USD 117.27
Class C Sterling Distributing Class			
Net Assets (for financial statement purposes)	2	GBP 6,712,733	GBP 6,271,798
Outstanding Redeemable Participating Shares	1,2	84,024	102,799
Net Asset Value per Share	2	GBP 79.89	GBP 61.01
Class D Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 24,573,686	SGD 20,308,212
Outstanding Redeemable Participating Shares	1,2	116,852	126,086
Net Asset Value per Share	2	SGD 210.30	SGD 161.07
Class E Singapore Dollar Distributing Class			
Net Assets (for financial statement purposes)	2	SGD 665,423	SGD 317,285
Outstanding Redeemable Participating Shares	1,2	5,487	3,423
Net Asset Value per Share	2	SGD 121.27	SGD 92.70

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



 Director
 29 April 2013



 Director

PROFIT AND LOSS

	Notes	For the year ended 31 December 2012 USD	For the year ended 31 December 2011 USD
Investment income			
Dividend income		2,373,352	1,541,297
Interest income		1,443	3,838
Miscellaneous income		1,567	—
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss		3,319,216	(11,530,488)
Movement in net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss		20,474,490	(6,988,930)
Total income/(loss)		26,170,068	(16,974,283)
Expenses			
Investment management fees	3	1,237,091	1,172,146
Administration fees	4	124,821	121,245
Custody fees	5	8,475	76,602
Trustee fees	5	15,707	—
Directors' fees	6	41,582	45,809
Audit fees	7	41,792	42,229
Professional fees		136,292	67,498
Performance fees	3	662,858	7,381
Transaction costs		520,659	399,391
Other expenses		3,428	67,194
Total expenses		2,792,705	1,999,495
Net income/(expense) before finance costs		23,377,363	(18,973,778)
Finance costs			
Overdraft interest		(21,203)	—
Total finance costs		(21,203)	—
Withholding tax on dividends		(188,356)	(195,361)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		23,167,804	(19,169,139)

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
29 April 2013



Director

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

	For the year ended 31 December 2012 USD	For the year ended 31 December 2011 USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations	23,167,804	(19,169,139)
Capital Share Transactions of Redeemable Participating Shares		
Proceeds from issuance of Redeemable Participating Shares	67,040,846	30,546,125
Payments on redemption of Redeemable Participating Shares	(60,214,364)	(13,590,977)
Recontribution due to additional performance fee	3 244,647	—
Net increase from Capital Share Transactions of Redeemable Participating Shares	<u>7,071,129</u>	<u>16,955,148</u>
Change in Net Assets Attributable to Holders of Redeemable Participating Shares	30,238,933	(2,213,991)
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the year	70,994,521	73,208,512
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the year	<u>101,233,454</u>	<u>70,994,521</u>

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 2012 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 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 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 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 and futures contracts as at 31 December 2012 and 31 December 2011 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 2012 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 2012 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 listed or traded on a Recognised Exchange, in accordance with listed securities above. The collective investment schemes held by the Company as at 31 December 2012 are included in the Schedule of Investments.

Distributions Payable to Holders of Redeemable Participating Shares

The Company received Reporting Fund Status from HMRC with effect from the 1st January 2010 (the Company 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 2012 and 31 December 2011 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 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	

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 2011 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	312,806	83,566	9,295
Redeemable Participating Shares issued	29,999	38,299	99,592
Redeemable Participating Shares redeemed	(52,194)	(24,971)	(6,088)
At the end of the year	290,611	96,894	102,799
	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	
At the beginning of the year	93,042	–	
Redeemable Participating Shares issued	53,023	3,423	
Redeemable Participating Shares redeemed	(19,979)	–	
At the end of the year	126,086	3,423	

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 at last traded prices at the valuation point. Marketable investment securities for financial reporting purposes are required by FRS 26, (Financial Instruments: recognition and measurement) 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 USD480,892 (USD271,422: 31 December 2011) 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 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	

The table below shows the Net Asset Value per Redeemable Participating Share Reconciliation for the year ended 31 December 2011:

	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 30 December 2011 subscriptions)	34,175,833	11,406,332	9,719,146	15,719,964	244,668	71,265,943
Deduct: FRS 26 valuation adjustment	130,161	43,442	37,016	59,871	932	271,422
Total NAV (for financial reporting purposes)	34,045,672	11,362,890	9,682,130	15,660,093	243,736	70,994,521
Shares Outstanding	290,611	96,894	102,799	126,086	3,423	
For financial reporting purposes:						
NAV per Redeemable Participating Share (USD)	117.15	117.27	94.19	124.20	71.20	
NAV per Redeemable Participating Share (local currency of share class)	117.15	117.27	61.01	161.07	92.70	
For shareholder dealing purposes:						
NAV per Redeemable Participating Share (USD)	117.60	117.72	94.55	124.67	71.48	
NAV per Redeemable Participating Share (local currency of share class)	117.60	117.72	61.25	161.67	92.70	

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 USD1,237,091 during the year ended 31 December 2012 (USD1,172,146: 31 December 2011), of which USD116,639 is outstanding at the year end (USD94,937: 31 December 2011).

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, and D the Investment Manager also receives a Performance Fee out of the assets of the Company. The Performance Fee is calculated in respect of each twelve month period ending on 31 December respectively in each year (a “Calculation Period”) for Classes A, B, C and D. 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 all classes.

A Performance Fee of USD662,858 was earned during the year ended 31 December 2012 (USD7,381: 31 December 2011), which includes USD244,647 of recontribution due to additional performance fees (USDNil: 31 December 2011). The performance fee outstanding at the year end was USD707,371, which includes USD244,647 of an additional performance fee (USDNil: 31 December 2011).

4. Administration Fees

With effect from 1 January 2012, the Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) in the amount 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), subject to a minimum monthly charge of 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 Administrator earned a fee of USD124,821 during the year ended 31 December 2012 (USD121,245: 31 December 2011), of which USD32,950 is outstanding at the year end (USD39,126: 31 December 2011).

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 0.015% to 0.50% of the NAV of the investments that the 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 USD8,475 during the year ended 31 December 2012 (USD76,602: 31 December 2011), of which USD26,283 is outstanding at the year end (USD24,254: 31 December 2011).

The Trustee earned a fee of USD15,707 during the year ended 31 December 2012 (USDNil: 31 December 2011), USD4,506 of which is outstanding at the year end (USDNil: 31 December 2011).

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 USD41,582 during the year ended 31 December 2012 (USD45,809: 31 December 2011), of which USDNil is outstanding at the year end (USD4,360: 31 December 2011).

7. Auditors Remuneration

Audit fees charged to the Profit and Loss Account for the year ended 31 December 2012 amounted to USD41,792 (USD42,229: 31 December 2011) of which USD30,697 is outstanding at the year ended 31 December 2012 (USD40,149: 31 December 2011). 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 2012 and 31 December 2011 was as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
	USD	USD
Statutory audit fees	41,792	42,229
Other non-audit fees	-	17,338

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Related Parties

Directors

Heather Manners is Chief Investment Officer of the Investment Manager and has waived her fees for the year ended 31 December 2012.

Anthony Morris (an alternate Director) is Chief Operating Officer and Head of Trading of the Investment Manager and has waived his fees for the year ended 31 December 2012.

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 USD17,756 for the year ended 31 December 2012 (USD23,248: 31 December 2011), none of which is outstanding at the year end (USDNil: 31 December 2011).

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

Related Party	Shares held	Share Class
Heather Manners (Director & Partner of the Investment Manager)	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 (Director)	1,282	Class E SGD\$ Distributing Class

The following Directors and related parties held Shares in the Company as at 31 December 2011:

Related Party	Shares held	Share Class
Heather Manners (Director & Partner of the Investment Manager)	2,950	Class D SGD\$ Distributing Class
Tony Morris (Alternate Director & Partner of the Investment Manager)	254	Class E SGD\$ Distributing Class
Richard Hayes (Director)	830	Class A USD\$ Non-Distributing Class
Prusik Investment Management Singapore PTE Ltd.	350	Class E 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

9. Cash

	31 December 2012	31 December 2011
	USD	USD
Brown Brothers Harriman & Co	254,748	20,560,209
Brown Brothers Harriman & Co, Grand Cayman	464	-
Citibank, London	1,617,301	-
Citibank, Nassau	3,864,696	-
	<u>5,737,209</u>	<u>20,560,209</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-custodians 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 Shareholders 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.

Relevant Period is defined as a period of eight periods beginning with the acquisition of a Share by a Shareholder at each subsequent period of eight periods 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 2012, 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 a broker's duty to provide best execution.

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 futures, options, swaps, warrants, and forward foreign currency contracts. Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Company. The Company may also employ techniques and instruments intended to provide protection against exchange risk in the context of the management of its assets and liabilities. As at 31 December 2012 and 31 December 2011, the Company did not hold any such instruments for the purposes of efficient portfolio management, other than forward foreign currency contracts held with the Custodian.

Forward foreign currency contracts entered into by the Company represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time base upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date and is included in the Profit and Loss Account.

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 2012	31 December 2011
Australian Dollar	0.9635	0.9832
Euro	0.7581	0.7730
Hong Kong Dollar	7.7506	7.7676
Indian Rupee	54.7900	53.0150
Indonesian Rupiah	9,637.5000	9,059.6000
Malaysian Ringgit	3.0580	3.1700
Philippine Peso	41.0050	43.8400
Pound Sterling	0.6183	0.6478
Singapore Dollar	1.2214	1.2968
South Korean Won	1,063.6400	1,151.7000
Taiwan Dollar	29.0490	30.2682
Thailand Baht	30.5600	31.5199
Vietnamese Dong	20,840.0000	20,998.0000

14. Financial Risk Management

Strategy in Using Financial Instruments

The Company's investment objective is to generate a combination of income and capital growth primarily by investing in equities and securities of companies operating in, and governmental issuers located in the Asian region and elsewhere, in accordance with the UCITS Regulations with the aim of spreading risk. 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 Company uses the "commitment approach" to calculate the global exposure of the Company in accordance with the requirements of the Central Bank. This approach takes into account the time available to liquidate the position, in seeking to ensure the risk is monitored in terms of any future commitments to which the Fund may be obligated.

The risks and the Directors' approach to the management of the 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.

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 2012, 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 USD 5,089,728 (USD2,471,071: 31 December 2011).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

a) Market Risk (continued)

(i) Market Price Risk (continued)

Concentration of equity price risk

The following table contains an analysis of the Fund's concentration of equity price risk by geographical distribution:

	Value 31 December 2012	% of equity securities and units in managed funds (less equity securities sold short)	Value 31 December 2011	% of equity securities and units in managed funds (less equity securities sold short)
Australia	2,812,237	2.76%	6,499,204	13.15%
Bermuda	-	-	2,963,020	6.00%
Cayman Islands	-	-	3,219,486	6.51%
China	7,131,276	7.01%	-	-
Hong Kong	4,559,709	4.48%	-	-
China/Hong Kong	-	-	1,557,754	3.15%
India	3,327,908	3.27%	2,440,188	4.94%
Indonesia	4,227,528	4.15%	370,513	0.75%
Malaysia	6,088,802	5.98%	4,946,672	10.01%
North Korea	-	-	2,365,195	4.79%
Philippines	18,326,212	18.00%	2,995,728	6.06%
Singapore	15,800,488	15.52%	7,313,065	14.80%
South Korea	5,339,475	5.25%	1,208,646	2.45%
Taiwan	-	-	5,272,676	10.67%
Thailand	29,947,042	29.42%	8,257,478	16.71%
Vietnam	4,233,885	4.16%	11,802	0.02%
Total	101,794,562	100.00%	49,421,427	100.00%

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

a) Market Risk (continued)

(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 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

The table overleaf sets out the Company's total exposure to foreign currency at the year ended 31 December 2011, including sensitivity analysis.

	Cash	Non-Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	1	2,759,096	2,759,097	137,955
British Pound	1,617,307	10,301,715	11,919,022	595,951
Euro	464	–	464	23
Hong Kong Dollar	1	8,287,148	8,287,149	414,357
Indian Rupee	–	4,227,528	4,227,528	211,376
Indonesian Rupiah	–	3,168,900	3,168,900	158,445
Malaysian Ringgit	5,243	4,017,485	4,022,728	201,136
New Zealand Dollar	–	–	–	–
Philippine Peso	7,530	17,549,805	17,557,335	877,867
Singapore Dollar	–	37,497,419	37,497,419	1,874,871
South Korean Won	–	5,064,987	5,064,987	253,249
Taiwan Dollar	–	–	–	–
Thailand Baht	–	28,913,272	28,913,272	1,445,664
Vietnamese Dollar	242,885	4,233,884	4,476,769	223,838

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

a) Market Risk (continued)

(ii) Currency Risk (continued)

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.

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

The Company invests in equity securities and has limited or no exposure to interest rate risk.

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. A Company may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

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

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

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

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

The credit ratings for other institutions are outlined below:

	Moody's 31 December 2012	Moody's 31 December 2011
Citibank, London	Aaa	A1
Citibank, Nassau	Aaa	A1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

b) Credit Risk (continued)

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 2012 USD33,797,399 (USD34,426,004: 31 December 2011).

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.

The Company manages its liquidity risk by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of. 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 2012 and 31 December 2011.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

c) Liquidity Risk (continued)

31 December 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

31 December 2011

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Unrealised loss on futures contracts	11,814	–	11,814
Payable for Investments Purchased	2,120,540	–	2,120,540
Other Payables	–	233,104	233,104
Redeemable Participating Shares	70,994,521	–	70,994,521
Total	73,126,875	233,104	73,359,979
<i>Forward foreign currency exchange contracts</i>			
Payables	32,424,579	–	32,424,579
Receivables	(32,658,075)	–	(32,658,075)
Net	(233,496)	–	(233,496)
Total	72,893,379	233,104	73,126,483

d) Fair Value Estimation

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

The fair value hierarchy has the following levels:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

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

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

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table provides an analysis within the fair value hierarchy of the Company’s financial assets and liabilities measured at fair value at 31 December 2012 and 31 December 2011:

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)

As at 31 December 2011

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	49,421,427	–	–	49,421,427
Futures Contracts	134,621	–	–	134,621
Total Assets	49,556,048	–	–	49,556,048

Financial Liabilities at Fair Value Through Profit or Loss

Futures Contracts	(11,814)	–	–	(11,814)
Forward foreign currency contracts	–	(233,496)	–	(233,496)
Total Liabilities	49,544,234	(233,496)	–	49,310,738

There have been no transfers between levels for securities held at 31 December 2012 or 31 December 2011, and the Fund has held no Level 3 investments during the year (Nil: 31 December 2011).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Portfolio Analysis

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

As at 31 December 2011	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	49,421,427	99.73
Financial derivative instruments (Forward Contracts)	(233,496)	(0.47)
Financial derivative instruments (Futures Contracts)	122,807	0.25
Net financial assets at fair value through profit or loss	49,310,738	99.51

16. Significant Events during the Year

With effect from 1 January 2012, Citi Fund Services (Ireland), Limited was replaced as administrator of the Company by Brown Brothers Harriman Fund Administration Services (Ireland) Limited.

17. Events since the Year End

There were no events since the year end that had a material effect on the unaudited financial statements.

18. Approval of Financial Statements

The report and audited financial statements were approved by the Board of Directors on 29 April 2013.

STATEMENT OF CHANGES IN THE COMPOSITION OF PORTFOLIO (UNAUDITED)

In accordance with the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) 2012 a statement of changes in the composition of the portfolio during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. These statements present the aggregate purchases and sales of transferable securities exceeding 1% of the total value of purchases and sales for the year. At a minimum the largest 20 purchases and 20 sales must be given.

Major Purchases for the year ended 31 December 2012

Security Description	Acquisitions Nominal	Cost USD
Oldtown Bhd.	3,987,100	2,850,516
Hermes Microvision, Inc.	159,000	2,842,001
Bangkok Expressway PCL	2,500,000	2,418,637
Airports of Thailand PCL	1,389,200	2,304,025
LPN Development PCL	4,909,700	2,264,573
Security Bank Corp.	836,260	2,212,041
CEBU Air, Inc.	1,400,000	2,200,790
Ezra Holdings Ltd.	2,281,000	2,105,181
Tibet 5100 Water Resources Holdings Ltd.	6,600,000	2,084,270
PP London Sumatra Indonesia Tbk	6,610,000	2,068,453
Halla Climate Control Corp.	90,000	2,047,147
Tower Bersama Infrastructure Tbk PT	4,180,000	2,045,649
Zhaojin Mining Industry Co. Ltd.	1,600,000	1,976,089
PVR Ltd.	350,000	1,949,311
Bangchak Petroleum PCL	2,022,600	1,940,643
Kolao Holdings	174,200	1,939,450
Com2uS Corp	65,000	1,924,171
Bharti Infratel Ltd.	472,159	1,885,037
MCOT PCL	1,465,000	1,871,050
Raimon Land PCL	30,000,000	1,842,117
Digital China Holdings Ltd.	1,000,000	1,817,746
Thai Tap Water Supply PCL-NVDR	8,848,700	1,798,795
Srithai Superware PCL-Foreign	1,900,000	1,759,246
International Container Terminal Services, Inc.	1,176,820	1,730,712
Wemade Entertainment Co. Ltd.	33,000	1,717,927
DSG International Thailand PCL-Foreign	3,500,000	1,708,139
JCY International Bhd.	3,400,000	1,691,770
Daum Communications Corp.	18,000	1,666,222
Lian Beng Group Ltd.	5,142,000	1,650,439
Ju Teng International Holdings Ltd.	6,300,000	1,645,024
Hopefluent Group Holdings Ltd.	4,520,000	1,640,747
Energy Development Corp.	12,500,000	1,611,703

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

Major Purchases for the year ended 31 December 2012 (continued)

Security Description	Acquisitions Nominal	Cost USD
Kim Long Securities Corp.	2,500,000	1,573,493
Midland Holdings Ltd.	2,400,000	1,560,104
Garuda Indonesia Tbk PT	24,000,000	1,552,576
Ta Ann Holdings Bhd.	753,700	1,458,555
Ezion Holdings Ltd.	1,250,000	1,379,480
Kreuz Holdings Ltd.	4,070,000	1,366,546
Sino Grandness Food Industry Group Ltd.	3,300,000	1,364,770
Sinotruk Hong Kong Ltd.	1,780,000	1,217,485
EEI Corp.	7,090,500	1,217,228
Refrigeration Electrical Engineering Corp.	1,800,000	1,211,613
Anton Oilfield Services	9,000,000	1,193,270
Bosideng International Holdings Ltd.	3,866,000	1,153,400
Asia Sermkij Leasing PCL	1,750,000	1,139,258
Robinsons Land Co.	3,500,000	1,132,128
Philippine Seven Corp.	900,380	1,092,572
First Gen Corp.	2,360,000	1,087,281
Jasa Marga Persero Tbk PT	2,300,000	1,085,699
Tianneng Power International Ltd.	2,000,000	1,080,275
Pepsi-Cola Products Philippines, Inc.	14,334,000	1,074,578
TSH Resources Bhd.	1,330,000	1,059,900
RFM Corp.	12,064,000	1,053,999
HAGL JSC	1,000,000	1,046,878

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

Major Sales for the year ended 31 December 2012

Security Description	Disposals Nominal	Proceeds USD
KPJ Healthcare Bhd.	1,750,000	3,082,845
Bangkok Dusit Med Servi Thb	1,200,000	2,891,544
Hermes Microvision Inc.	159,000	2,761,927
Merida Industry Co. Ltd.	805,000	2,720,949
Gamevil, Inc.	30,000	2,478,742
Com2uS Corp	65,000	2,418,588
Manila Water Co. Inc.	4,100,000	2,401,706
Military Commercial Joint Stock Bank	3,311,640	2,090,263
Yoma Strategic Holdings Ltd.	5,000,000	1,962,700
CEBU Air, Inc.	1,400,000	1,950,703
Parkwaylife Real Estate Investment Trust	1,305,000	1,877,170
Halla Climate Control Corp.	90,000	1,789,873
Energy Development Corp.	12,500,000	1,708,041
Ju Teng International Holdings Ltd.	6,300,000	1,689,752
Digital China Holdings Ltd.	1,000,000	1,628,935
PP London Sumatra Indonesia Tbk	6,610,000	1,626,024
Skyworth Digital Holdings Ltd.	2,938,000	1,609,926
Medusa Mining Ltd.	260,000	1,605,307
Starpharma Holdings Ltd.	1,050,000	1,579,900
China Everbright Ltd.	1,000,000	1,516,615
Wemade Entertainment Co. Ltd.	33,000	1,515,133
GOME Electrical Appliances Holdings Ltd.	7,000,000	1,501,538
Robinsons Land Corp.	3,500,000	1,463,315
Garuda Indonesia Tbk PT	24,000,000	1,452,423
Senao International Co. Ltd.	434,000	1,449,105
JCY International Bhd.	3,400,000	1,330,566
Midland Holdings Ltd.	2,400,000	1,261,134
Security Bank Corp.	425,000	1,244,792
Daum Communications Corp.	15,600	1,243,595
Ta Ann Holdings Bhd.	904,440	1,184,647
PChome Online Inc.	222,000	1,179,134
China All Access Holdings Ltd.	5,400,000	1,165,487
Kim Long Securities Corp.	2,500,000	1,125,813
Anton Oilfield Services	9,000,000	1,123,844
Hemaraj Land Development PCL	11,000,000	1,101,476
Lumax International Corp.	567,000	1,044,425
Sinotruk Hong Kong Ltd.	1,780,000	1,043,627
Mesoblast Ltd.	130,000	1,026,204

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

Major Sales for the year ended 31 December 2012 (continued)

Security Description	Disposals Nominal	Proceeds USD
TSH Resources Bhd.	1,330,000	955,031
Airports of Thailand PCL	360,000	919,757
Charm Communications Inc.	90,000	822,626
Hoa Phat Group JSC	860,000	822,431
Alliance Financial Group Bhd.	650,000	805,729
LDT Inc.	130,000	796,600
Sino Thai Engineering & Construction PCL	1,379,900	795,357
CitisecOnline.com, Inc.	1,600,000	770,387
PetroVietnam Drilling & Well Services JSC	460,000	769,393

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

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

**PROMOTER , INVESTMENT MANAGER
AND DISTRIBUTOR**

Prusik Investment Management LLP
1st Floor
46 Hays Mews
London W1J 5QD
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INDEPENDENT AUDITOR

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Harcourt Street
Dublin 2
Ireland

**LEGAL ADVISERS UNITED
KINGDOM**

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One Ropemaker Street
London EC2Y 9SS
United Kingdom

COMPANY SECRETARY

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

COMPANY NAME AND REGISTERED OFFICE

Prusik Asian Smaller Companies Fund plc
33 Sir John Rogerson's Quay
Dublin 2
Ireland

ADMINISTRATOR

Brown Brothers Harriman Fund Administration
Services (Ireland) Limited
Styne House
Upper Hatch Street
Dublin 2
Ireland
*With effect from 1 January 2012. Formerly Citi Fund
Services (Ireland) Limited, 1 North Wall Quay, Dublin
1, Ireland.

CUSTODIAN

Brown Brothers Harriman Trustee
Services (Ireland) Limited
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Dublin 2
Ireland

LEGAL ADVISERS IRELAND

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Dublin 2
Ireland

GOVERNANCE SERVICES PROVIDER

Bridge Consulting
33 Sir John Rogerson's Quay
Dublin 2
Ireland