

CCM Small Cap Value Fund, L.P.

(A Delaware Limited Partnership)

Financial Statements as of and for the
Year Ended December 31, 2012, and
Independent Auditors' Report

CCM SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012:	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Partners' Capital	4
Statement of Cash Flows	5
Notes to Financial Statements	6–9

INDEPENDENT AUDITORS' REPORT

To the Partners of
CCM Small Cap Value Fund, ■■■:

We have audited the accompanying financial statements of CCM Small Cap Value Fund, ■■■ (a Delaware Limited Partnership) (the "Partnership"), which comprise the statement of financial condition as of December 31, 2012, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended (expressed in United States dollars), and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCM Small Cap Value Fund, ■■■ as of December 31, 2012, and the results of its operations, changes in its partners' capital, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 14, 2013

CCM SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

ASSETS

Investment in CCM Master Qualified Fund, Ltd.	\$ 11,771,026
Due from CCM Master Qualified Fund, Ltd.	840,511
Cash and cash equivalents	<u>200,000</u>
Total assets	<u>\$ 12,811,537</u>

LIABILITIES

Advance contributions	\$ 200,000
Withdrawals payable to limited partners	840,511
Due to General Partner	31,171
Accrued operating expenses	<u>44,901</u>
Total liabilities	<u>1,116,583</u>

PARTNERS' CAPITAL

General Partner	130,370
Limited partners	<u>11,564,584</u>
Total partners' capital	<u>11,694,954</u>

TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$ 12,811,537</u>
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See notes to financial statements.

CCM SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

NET INVESTMENT LOSS

Net investment loss allocated from CCM Master Qualified Fund, Ltd.:

Interest income	\$	54,298
Dividend income (net of withholding taxes of \$5,725)		147,613
Interest expense		(22,032)
Stock loan fees		(194,781)
Dividend expense		(10,357)
Operating expenses		<u>(77,575)</u>

Net investment loss allocated from CCM Master Qualified Fund, Ltd. (102,834)

Partnership expenses:

Management fees		(137,787)
Professional fees		(65,185)
Other expenses		<u>(1,673)</u>

Total Partnership expenses (204,645)

NET INVESTMENT LOSS (307,479)

REALIZED AND CHANGE IN UNREALIZED GAINS/(LOSSES) ON INVESTMENTS IN
SECURITIES, SECURITIES SOLD, NOT YET PURCHASED, DERIVATIVE CONTRACTS,
AND FOREIGN CURRENCY TRANSACTIONS ALLOCATED FROM
CCM MASTER QUALIFIED FUND, LTD.

Net realized gains on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions		501,432
Net change in unrealized appreciation/depreciation on investments in securities, securities sold, not yet purchased, and derivative contracts		848,817
Net change in unrealized appreciation/depreciation on translation of assets and liabilities denominated in foreign currencies		<u>275,775</u>

Net realized and change in unrealized gains on investments in securities,
securities sold, not yet purchased, derivative contracts and foreign currency
transactions allocated from CCM Master Qualified Fund, Ltd. 1,626,024

NET INCREASE IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS \$ 1,318,545

See notes to financial statements.

CCM SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

	<u>Limited partners</u>	<u>General Partner</u>	<u>Total</u>
PARTNERS' CAPITAL — January 1, 2012	\$ 13,568,155	\$ 1,150,654	\$ 14,718,809
Capital contributions	200,000	-	200,000
Capital withdrawals	(3,442,400)	(1,100,000)	(4,542,400)
Allocation of net income:			
General Partner incentive allocation	(4,152)	4,152	-
Net increase in partners' capital resulting from operations	<u>1,242,981</u>	<u>75,564</u>	<u>1,318,545</u>
PARTNERS' CAPITAL — December 31, 2012	<u>\$ 11,564,584</u>	<u>\$ 130,370</u>	<u>\$ 11,694,954</u>

See notes to financial statements.

CCM SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

OPERATING ACTIVITIES	
Net increase in partners' capital resulting from operations	\$ 1,318,545
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash provided by operating activities:	
Net appreciation of investment in CCM Master Qualified Fund, Ltd.	(1,523,190)
Changes in operating assets:	
Proceeds from redemptions in CCM Master Qualified Fund, Ltd.	7,700,089
Subscriptions to CCM Master Qualified Fund, Ltd.	(200,000)
Increase in:	
Due to General Partner	(865,156)
Accrued operating expenses	<u>651</u>
Net cash provided by operating activities	<u>6,430,939</u>
FINANCING ACTIVITIES	
Capital contributions	200,000
Capital withdrawals	<u>(6,630,939)</u>
Net cash used in financing activities	<u>(6,430,939)</u>
NET CHANGE IN CASH	-
CASH AND CASH EQUIVALENTS — Beginning of year	<u>200,000</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 200,000</u>

See notes to financial statements.

CCM SMALL CAP VALUE FUND, [REDACTED]. (A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012 (Expressed in United States dollars)

1. ORGANIZATION AND NATURE OF BUSINESS

CCM Small Cap Value Fund, [REDACTED] (the "Partnership"), a Delaware Limited Partnership organized in August 1999, commenced operations on October 1, 1999. The Partnership is a feeder fund in a "master-feeder" structure whereby the Partnership invests substantially all of its assets in CCM Master Qualified Fund, Ltd. (the "Master Fund"), an exempted company organized under the laws of the Cayman Islands. Attached are the audited financial statements of the Master Fund, including the condensed schedule of investments and significant accounting policies, which are an integral part of these financial statements.

The Partnership's general partner is Coghill Capital Management, L.L.C. (the "General Partner"), a Delaware limited liability company. The General Partner has the general supervisory responsibility and authority for all aspects of the Partnership's business and operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in United States dollars.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the accompanying notes. Actual results could differ from those estimates.

The following are the significant accounting policies adopted by the Partnership:

Investment Transactions and Valuation — Investment transactions are accounted for on a trade date basis. Realized and change in unrealized gains/(losses) on investments allocated from the Master Fund are recorded in the statement of operations.

The Partnership's investment in the Master Fund is valued at fair value, which is the Partnership's proportionate interest in the net assets of the respective share class in the Master Fund. The Master Fund's investments are carried at fair value. The performance of the Partnership is directly related to the performance of the Master Fund. As of December 31, 2012, the Partnership owned approximately 13% of the Class A shares of the Master Fund, with a net asset value of \$11,771,026. The valuation of investments and related disclosures held by the Master Fund is discussed in the notes to the Master Fund's financial statements.

Cash and Cash Equivalents — Cash and cash equivalents include amounts held in banks. The Partnership defines cash and cash equivalents in the statement of financial condition as funds held in liquid investments with original maturities of 90 days or less.

Investment Income and Expense — Interest income and expense are recorded on an accrual basis.

Expenses — The Partnership pays its direct operating expenses, including a management fee, specific legal fees, and other expenses, as well as incurs its proportionate share of the expenses of the Master Fund, which includes other legal, accounting, auditing, administrative, and professional fees. The Partnership has retained Morgan Stanley Fund Services USA LLC as the administrator to the Partnership. The General Partner pays its own overhead expenses.

Indemnifications — Under the Partnership’s organizational documents, the General Partner of the Partnership is indemnified against certain liabilities arising out of the performance of its duties for the Partnership. In addition, in the normal course of business, the Partnership enters into contracts with vendors and others that provide for general indemnifications. The Partnership’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership. However, the Partnership has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss to be remote.

Recent Accounting Pronouncement — In December 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-11, *Disclosures about Offsetting Assets and Liabilities* (“ASU”). The ASU requires enhanced disclosures about financial instruments and derivative instruments that are either offset when rights of setoff exist or subject to an enforceable master netting agreement or similar agreement. These additional disclosures include the following quantitative information about such instruments: (i) the gross amounts of those recognized assets and liabilities, (ii) the amounts offset to determine the net amounts presented in the statement of financial condition, (iii) the net amounts presented in the statement of financial condition, (iv) the amounts subject to a master netting arrangement or similar agreement, (v) the amounts related to financial collateral (including cash collateral), and (vi) the net amount after deducting the amounts in (iv) from the amounts in (iii). The disclosures are effective for fiscal years beginning on or after January 1, 2013. The Partnership is currently evaluating the impact of these disclosures on its financial statements.

3. MANAGEMENT FEE

For all capital contributions in the Partnership made prior to September 1, 2006 (“Series One”), the General Partner earns a quarterly management fee, payable after the last day of each calendar quarter, calculated at an annual rate of 1% of each limited partner’s capital account balance as of the end of each month during the quarter adjusted for contributions and withdrawals made during the month. Capital contributions made after September 1, 2006 (“Series Two”) are charged a management fee at an annual rate of 1.5% pursuant to the Amended and Restated Limited Partnership Agreement. The General Partner may waive or reduce the management fee for certain affiliated limited partners.

4. ALLOCATION OF NET INCOME OR LOSS

Net income or loss, before management fees, is allocated to all partners in proportion to each partner’s capital account balance. Management fees are charged to each limited partner’s capital account, as applicable.

The General Partner earns an incentive allocation of net profits, as defined in the Amended and Restated Limited Partnership Agreement, equal to 5% of net profits attributable to capital contributions made before April 1, 2009, provided that such allocation shall increase to 15% at such time as the limited partner has recouped any outstanding loss carryforward amounts otherwise attributable to such capital account balance as of November 30, 2008. For capital contributions made on or after April 1, 2009, the General Partner earns an incentive allocation equal to 20% of net profits. Each limited partner’s capital account is subject to a loss carryforward provision such that no deduction from a limited partner’s capital account is made with respect to a fiscal year until any net loss previously allocated to the capital account has been offset by subsequent net profits. Any such loss carryforward will also be proportionately reduced for any limited partner’s withdrawal. The General Partner may waive or reduce the incentive allocation for certain affiliated limited partners. For the year ended December 31, 2012, the General Partner earned an incentive allocation of \$4,152.

5. INVESTMENTS

Fair Value Measurements — The Partnership invests substantially all of its assets in the Master Fund. The classification of the Master Fund’s investments in the fair value levels is discussed in the notes to the financial statements of the Master Fund.

Derivative Financial Instruments — During the year ended December 31, 2012, the Partnership did not directly invest in any derivative financial instruments. Investments are made via the Master Fund which may

utilize derivative financial instruments with off-balance sheet risks. Disclosures related to the Master Fund's investment in derivative financial instruments are discussed in the notes to the financial statements of the Master Fund. Leverage may also be used by the General Partner. However, the Partnership's exposure to such risks is limited to the amounts of its investment in and due from the Master Fund.

6. TAXATION

Each partner is individually responsible for reporting income or loss, to the extent required by the federal and state income tax laws and regulations, based upon its respective share of the Partnership's income and expense as reported for income tax purposes.

The Partnership reviews and evaluates tax positions in its major jurisdictions and determines whether or not there are uncertain tax positions that require financial statement recognition. Based on this review, the Partnership has determined the major tax jurisdictions as where the Partnership is organized and where the Partnership makes investments; however, no provisions for uncertain tax positions were required to have been recorded for any of the Partnership's open tax years. As a result, no income tax liability or expense has been recorded in the accompanying financial statements. The Partnership's tax returns remain open for examination by tax authorities for a period of three years from when they are filed.

7. PARTNERS' CAPITAL

The partnership interests are divided into Series One interests and Series Two interests. Except with respect to participation in new issues, all limited partners generally will participate in all investments of the Partnership in the same manner. The only distinction between Series One and Series Two is the annual rate charged for management fees.

Capital Contributions — The General Partner will generally admit additional limited partners or accept additional capital contributions from existing limited partners on the first day of each month and at such other times selected by the General Partner. Advance contributions consist of cash received prior to December 31 for which partner interests of the Partnership will be issued on the subsequent January 1. Advanced contributions do not participate in the earnings of the Partnership until the related partner interests are issued. There were \$200,000 of advance contributions as of December 31, 2012.

Capital Withdrawals— Limited partners may withdraw all or a portion of their capital accounts attributable to a particular capital contribution as of the last day of any calendar quarter pursuant to written notice that must actually be received by the Partnership at least 120 days' prior to the withdrawal date (i.e., 120 days' prior to the relevant calendar quarter end); provided, however, that during the period beginning as of the date of a particular capital contribution and ending on the second anniversary of such capital contribution, withdrawals relating to any particular capital contribution will be subject to a withdrawal fee in accordance with the following schedule and payable to the Partnership:

- 3% for withdrawals made during the first 12 months a capital contribution is invested;
- 2% for withdrawals made during the next 6 months a capital contribution is invested;
- 1% for withdrawals made during the next 6 months a capital contribution is invested;
- no withdrawals fee for withdrawals made thereafter.

There were no redemption fees charged in the current year.

Certain limited partners are employees or related to employees of the General Partner and represent approximately 6% of total partners' capital as of December 31, 2012.

8. FINANCIAL HIGHLIGHTS

The ratios to average limited partners' capital and other supplemental information for the year ended December 31, 2012, are represented by the following:

Ratios to average limited partners' capital	
Total expenses	3.91 %
Incentive allocation	<u>0.03</u>
Total expenses and incentive allocation	<u>3.94 %</u>
Net investment loss	<u>(2.38)%</u>

The net investment loss and total expenses ratios are computed based upon the monthly average limited partners' capital. Total expenses include the Partnership's prorated investment expenses and operating expenses from the Master Fund and total Partnership expenses. The total expenses ratio, excluding investment expenses, is 2.19%. Net investment loss ratio includes the Partnership's prorated net investment loss allocated from the Master Fund and total Partnership expenses and excludes the incentive allocation.

Total return:	
Total return before incentive allocation	8.82 %
Incentive allocation	<u>(0.03)</u>
Total return after incentive allocation	<u>8.79 %</u>

Total return is calculated for all limited partners taken as a whole, subject to management fees and incentive allocation arrangements (as applicable), and utilizes geometrically linked returns based on cash flows that consider the timing of capital contributions or withdrawals during the year. An individual partner's return and ratios may vary from these returns and ratios based on different management fees and incentive allocation arrangements (as applicable) and the timing of capital transactions.

9. SUBSEQUENT EVENTS

Subsequent events through March 14, 2013, the date these financial statements were available to be issued, have been evaluated, and it has been determined there were no subsequent events requiring disclosure or recognition in the financial statements.

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CCM Master Qualified Fund, Ltd.

(A Cayman Islands Exempted Company)

Consolidated Financial Statements as of and
for the Year Ended December 31, 2012, and
Independent Auditors' Report

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012:	
Consolidated Statement of Assets and Liabilities	2
Consolidated Condensed Schedule of Investments	3-6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Assets	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10-19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
CCM Master Qualified Fund, Ltd.:

We have audited the accompanying consolidated financial statements of CCM Master Qualified Fund, Ltd. (a Cayman Islands exempted company) (the "Company"), and its subsidiaries, which comprise the consolidated statement of assets and liabilities, including the consolidated condensed schedule of investments, as of December 31, 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended (expressed in United States dollars), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCM Master Qualified Fund, Ltd., and its subsidiaries, as of December 31, 2012, and the results of their operations, changes in their net assets, and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 3, the consolidated financial statements include investments in securities valued at \$6,436,915 (7.26% of net assets), whose values have been estimated by the Investment Manager in the absence of readily ascertainable fair values. Our opinion is not modified with respect to this matter.

Deloitte & Touche

March 14, 2013

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

ASSETS

Investments in securities — at fair value (cost: \$132,449,421)	\$ 82,758,640
Investment in CCM Asian Small Cap Value Fund, ■■■ — at fair value (cost: \$6,850,000)	7,070,959
Unrealized gains on derivative assets	299,769
Cash and cash equivalents	102,880
Due from broker	31,194,630
Interest receivable	19,944
Dividends receivable	16,524
Other assets	<u>11,503</u>
 Total assets	 <u>121,474,849</u>

LIABILITIES

Securities sold, not yet purchased — at fair value (proceeds: \$27,475,529)	26,332,407
Due to broker	402,185
Interest payable	23,018
Stock loan fees payable	98,427
Redemptions payable	5,760,492
Accrued operating expenses	<u>196,524</u>
 Total liabilities	 <u>32,813,053</u>

NET ASSETS

\$ 88,661,796

NET ASSETS PER CLASS A SHARE:

(614,593 shares outstanding) \$ 144.26

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment and derivative assets, in which the underlying of the derivative is a security, by type:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Investment assets:			
Common stocks	\$ 120,786,300	\$ 75,548,891	85.21 %
Preferred stocks	3,167,393	537,195	0.61
Corporate bonds	3,091,210	2,737,412	3.09
Options	3,207,604	3,559,610	4.01
Warrants and rights	540,485	237,954	0.27
Limited partnership interest	1,656,429	137,578	0.15
Total investment assets	<u>\$ 132,449,421</u>	<u>\$ 82,758,640</u>	<u>93.34 %</u>
		<u>Fair Value</u>	<u>% Net Assets</u>
Derivative assets:			
Equity swaps		\$ 299,769	0.34 %
Total derivative assets		<u>\$ 299,769</u>	<u>0.34 %</u>
Total	<u>\$ 132,449,421</u>	<u>\$ 83,058,409</u>	<u>93.68 %</u>

The following table categorizes the aggregate fair value of investment liabilities by type:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Investment liabilities:			
Common stocks	\$ (24,410,268)	\$ (23,367,572)	(26.36) %
Government bonds	(3,034,964)	(2,899,260)	(3.27)
Options	(30,297)	(65,575)	(0.07)
Total	<u>\$ (27,475,529)</u>	<u>\$ (26,332,407)</u>	<u>(29.70) %</u>

(continued)

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment and derivative assets, in which the underlying of the derivative is a security, by country:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Canada	\$ 43,596,809	\$ 14,550,915	16.41 %
Israel	3,640,957	5,074,487	5.72
Japan	12,282,945	11,863,145	13.38
United States of America	<u>72,928,710</u>	<u>51,569,862</u>	<u>58.17</u>
 Total	 <u>\$ 132,449,421</u>	 <u>\$ 83,058,409</u>	 <u>93.68 %</u>

The following table categorizes the aggregate fair value of investment liabilities by country:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Canada	\$ (602,104)	\$ (505,323)	(0.57) %
Japan	(3,034,965)	(2,899,260)	(3.27)
United States of America	<u>(23,838,460)</u>	<u>(22,927,824)</u>	<u>(25.86)</u>
 Total	 <u>\$ (27,475,529)</u>	 <u>\$ (26,332,407)</u>	 <u>(29.70) %</u>

(continued)

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment and derivative assets, in which the underlying of the derivative is a security, by industry:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Basic materials	\$ 28,095,070	\$ 25,695,166	28.98 %
Communications	43,920,109	9,771,865	11.02
Consumer, cyclical	1,009,400	798,725	0.90
Energy	29,522,650	9,515,578	10.73
Index	142,730	55,900	0.06
Industrial	5,651,239	10,150,968	11.45
Technology	24,108,223	27,070,207	30.54
	<u>\$ 132,449,421</u>	<u>\$ 83,058,409</u>	<u>93.68 %</u>

The following table categorizes the aggregate fair value of investment liabilities by industry:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Basic materials	\$ (602,104)	\$ (505,323)	(0.57) %
Communications	(10,221,099)	(8,027,549)	(9.06)
Consumer, non-cyclical	(2,225,488)	(2,064,990)	(2.33)
Consumer, cyclical	(7,132,532)	(8,320,206)	(9.38)
Energy	(323,826)	(121,790)	(0.14)
Government	(3,034,964)	(2,899,260)	(3.27)
Industrial	(1,718,631)	(1,774,186)	(2.00)
Technology	(2,216,885)	(2,619,103)	(2.95)
	<u>\$ (27,475,529)</u>	<u>\$ (26,332,407)</u>	<u>(29.70) %</u>

(continued)

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the fair value of investment and derivative assets and liabilities by issuer that are greater than 5% of net assets:

	<u>Shares / Contracts</u>	<u>Fair Value</u>	<u>% Net Assets</u>
Common stocks—United States of America			
Autobyte Inc.	1,468,337	\$ 5,843,981	6.59 %
Boston Beer Co. Inc.	(40,423)	(5,434,872)	(6.13)
General Moly, Inc.	3,730,754	14,960,324	16.87
Kulicke and Soffa Industries, Inc.	318,370	3,817,256	4.31
Rentech, Inc.	2,581,100	6,788,293	7.66
Zillow, Inc.	(251,187)	(6,970,439)	(7.86)
Common Stocks-Israel			
Perion Networks Ltd	567,616	5,074,487	5.72
Common stocks—Japan			
Zuken Inc.	902,000	6,009,173	6.78
Options-United States of America			
Boston Beer Co. Inc.			
Puts @ 105 - 130 exp 01/19/2013 - 06/22/2013	991	328,520	0.38
Kulicke and Soffa Industries, Inc.			
Calls @ 9 - 13 exp 01/19/2013 - 04/20/2013	17,310	2,229,060	2.52
Zillow, Inc.			
Puts @ 20 - 35 exp 01/19/2013 - 05/18/2013	2,172	482,525	0.53
Warrants—United States of America			
General Moly, Inc. - \$5.00 strike - contingent expiration	500,000	13,044	0.01
Equity swaps—United States of America			
Autobyte Inc. - 65,865 ref quantity, maturing 05/06/2015			
USD-FED-EFFECTIVE based spread on notional		(35,574)	(0.04)
			(concluded)

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

NET INVESTMENT LOSS	
Investment income:	
Interest income	\$ 375,877
Dividend income (net of withholding taxes of \$129,842)	<u>962,592</u>
Total investment income	<u>1,338,469</u>
Investment expenses:	
Interest expense	(161,617)
Stock loan fees	(1,391,492)
Dividend expense	<u>(71,463)</u>
Total investment expenses	<u>(1,624,572)</u>
Operating expenses:	
Administrative fees	(125,748)
Professional fees	(434,885)
Other operating expenses	<u>(1,721)</u>
Total operating expenses	<u>(562,354)</u>
NET INVESTMENT LOSS	<u>(848,457)</u>
REALIZED AND CHANGE IN UNREALIZED GAINS/(LOSSES) ON INVESTMENTS IN SECURITIES, SECURITIES SOLD, NOT YET PURCHASED, DERIVATIVE CONTRACTS, AND FOREIGN CURRENCY TRANSACTIONS	
Net realized gains on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions	3,681,307
Net change in unrealized appreciation/depreciation on investments in securities, securities sold, not yet purchased, and derivative contracts	4,048,246
Net change in unrealized appreciation/depreciation on translation of assets and liabilities denominated in foreign currencies	<u>1,806,714</u>
Net realized and change in unrealized gains on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions	<u>9,536,267</u>
NET CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION ON INVESTMENT IN CCM ASIAN SMALL CAP VALUE FUND, ■	<u>331,991</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 9,019,801</u>

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

	<u>Class A</u> <u>Shares</u>	<u>Net Assets</u>	<u>Per Share</u> <u>Value</u>
BALANCE — January 1, 2012	712,858	\$ 93,158,745	\$ <u>130.68</u>
Subscriptions	31,286	4,550,000	
Redemptions	(129,551)	(18,066,750)	
Net increase in net assets resulting from operations	<u>-</u>	<u>9,019,801</u>	
BALANCE — December 31, 2012	<u>614,593</u>	<u>\$ 88,661,796</u>	<u>\$ 144.26</u>

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD.
(A Cayman Islands Exempted Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	\$ 9,019,801
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Net realized gains on investments in securities and securities sold, not yet purchased	(2,961,666)
Net change in unrealized appreciation/depreciation on investments in securities, securities sold, not yet purchased, derivative contracts	(4,048,246)
Net change in unrealized appreciation/depreciation on investment in CCM Asian Small Cap Value Fund, ■■■	(331,991)
Net amortization/accretion of investments	(186,975)
Changes in operating assets:	
Purchases of investment securities	(33,729,307)
Proceeds from sales of investment securities	41,710,363
(Increase)/decrease in:	
Due from broker	(5,906,580)
Interest receivable	(13,419)
Dividends receivable	9,683
Other assets	5,271
Changes in operating liabilities:	
Covers of securities sold, not yet purchased	(42,189,458)
Proceeds from securities sold, not yet purchased	56,250,132
Increase/(decrease) in:	
Due to broker	(660,370)
Interest payable	13,231
Stock loan fees payable	22,900
Accrued operating expenses	(15,181)
Net cash provided by operating activities	<u>16,988,188</u>
FINANCING ACTIVITIES	
Subscriptions	4,550,000
Redemptions	<u>(21,435,308)</u>
Net cash used in financing activities	<u>(16,885,308)</u>
NET CHANGE IN CASH	<u>102,880</u>
CASH - Beginning of year	<u>-</u>
CASH - End of year	<u>\$ 102,880</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	<u>\$ 148,386</u>

See notes to consolidated financial statements.

CCM MASTER QUALIFIED FUND, LTD. (A Cayman Islands Exempted Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012 (Expressed in United States dollars)

1. ORGANIZATION AND NATURE OF BUSINESS

CCM Master Qualified Fund, Ltd. (the "Company") is an open-ended investment company incorporated in the Cayman Islands on September 5, 2003 and was registered under the Mutual Funds Law of the Cayman Islands on February 15, 2012. The Company's investment manager is Coghill Capital Management, L.L.C. (the "Investment Manager"), a Delaware limited liability company. The Investment Manager has the general supervisory responsibility and authority for all aspects of the Company's investment activities.

The Investment Manager of the Company also serves as the general partner of CCM Asian Small Cap Value Fund, [REDACTED] ("Asian Fund"). As of December 31, 2012, the Company owns 85.18% of Asian Fund, whose financial statements, including the condensed schedule of investments and significant accounting policies, are attached to this report and should be read in conjunction with the Company's consolidated financial statements.

The Company is a "master" in a "master-feeder" structure whereby the "feeders" invest substantially all of their assets in the Company. As of December 31, 2012, there were three feeders: CCM Small Cap Value Fund, [REDACTED]; CCM Small Cap Value Qualified Fund, [REDACTED]; and CCM Small Cap Value Fund, Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in United States dollars.

Consolidation Accounting – the consolidated financial statements include amounts of the Company and its two wholly owned subsidiaries, CCM SPV I, Ltd. and CCM SPV III, LLC. All inter-company balances and transactions have been eliminated.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and disclosures in the accompanying notes. Actual results could differ from those estimates.

Significant estimates include the valuation of certain securities and derivative financial instruments. Because of the inherent uncertainty of valuation, the estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities and derivative financial instruments existed, and the differences could be material.

The following are the significant accounting policies adopted by the Company:

Security Transactions and Valuation — Investment assets and liabilities are valued at fair value. In determining fair value, the existence of an active market is considered, which is defined by the Company as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in securities traded on a recognized national securities exchange or reported on other national markets are valued at the last reported sales price as of the valuation day. If no sale occurred on such day but there are observable market inputs available, such as "bid" and "offer" prices, the bid price is used for long investments in securities and the offer price is used for securities sold, not yet purchased at the close of business on such day.

Securities that are not listed on a national securities exchange or reported on other national markets, but that are traded among broker-dealers and other institutional investors in over-the-counter (“OTC”) markets, are recorded at fair value using current market quotations provided by such broker-dealers and, where available, external pricing sources. Restricted securities and certain other securities, for which quotations are not readily available, are valued at fair value based on market participant assumptions made by the Company, recent transactions, and/or market comparables. Securities for which there are legal or contractual restrictions are valued at fair value as determined above less a discount for these restrictions.

Fair market value for all other securities is determined in good faith under valuation policy adopted by the Investment Manager in the absence of readily ascertainable fair values. Generally, the Investment Manager primarily relies on the discounted cash flow analysis (“DCF”) and option valuation model (“Option Model”) (“Valuation Techniques”) in the absence of a market transaction with the investment itself. The Valuation Techniques rely on a combination of significant assumptions and inputs related to the specific investment type by enterprise. DCF utilizes an enterprise’s historical and projected financial information as well as available market information from comparable enterprises, including market multiples from comparable enterprises applied on key performance metrics, such as net operating profit, to determine terminal value. Option Model utilizes volatility of the underlying reference security that is typically determined based on volatilities of comparable publicly traded securities or indices. If available, the Investment Manager also utilizes relevant information, such as pending or recent market and financing transactions, in the determination of fair value.

Security transactions are accounted for on a trade date basis. Realized gains and losses on investments are calculated using the specific identification method and are recorded in the consolidated statement of operations.

The Company may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Company sells securities sold, not yet purchased, it must borrow the securities sold, not yet purchased and deliver it to the broker-dealer through which it made the transaction. A realized gain, limited to the price at which the Company sold the securities sold, not yet purchased, or a realized loss, unlimited in size, will be recognized upon the termination of a short sale. A stock loan fee is paid to the broker-dealer as part of this transaction and is expensed upon initiation of the transaction.

Derivative Financial Instruments — The Company may trade derivative financial instruments such as equity swaps, options, and warrants and rights, which are recorded at fair value at the reporting date. These derivative financial instruments are described more fully in note 3. Derivative financial instruments are generally based upon notional values. Notional values are not recorded on the consolidated statement of assets and liabilities, but rather are utilized solely as a basis for determining future cash flows to be exchanged. Therefore, notional amounts provide a measure of the Company’s involvement with such instruments, but are not fully indicative of potential risk. Realized and unrealized changes in fair values are included in realized and change in unrealized gains/(losses) on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions in the consolidated statement of operations in the period in which the changes occur. The fair value on all derivative financial instruments at the reporting date is included in the consolidated statement of assets and liabilities.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Company would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are exchange traded or are traded in the OTC market where fair values are readily determinable. Certain derivative financial instruments, which are not exchange traded and for which fair values are not readily available, are valued at fair value based on pricing models.

Fair value of open equity swap contracts is calculated as the change in fair value of the underlying equity security, financial instrument, basket of securities or financial instruments, or index, using pricing from the relevant underlying market from sources such as Bloomberg. This change in fair value is then applied to the notional amount of the equity swap. The existence of an active market of the underlying instrument(s) is considered in determining the fair value of the equity swap.

Options and warrants and rights traded in the OTC market are recorded at fair value using current market quotations provided by external pricing sources, counterparties or using pricing models.

Securities Lending — The Company has entered into a tri-party agreement (the “Agreement”) with its prime broker (“Borrower”) and a third party custodian (“Custodian”) for the purpose of lending its fully paid for securities. Due to the nature of the Company’s portfolio (mainly small cap securities) the Company seldom engages in securities lending. To the extent that the Company does lend securities, in accordance with the Agreement, the Borrower pledges and maintains with the Custodian collateral consisting of cash or securities issued by the United States Treasury. For the benefit of the Company, the Custodian receives collateral equal to or greater than the fair value of the securities loaned. To mitigate counterparty credit risk related to the securities loaned, securities are marked to fair value on a daily basis and correspondingly, cash flows are exchanged and/or securities are transferred between the Borrower and Custodian to satisfy the resulting changes in collateral requirements. The risks of securities lending include the risk that the Borrower may not provide additional collateral when required or may not return the securities when due. As of December 31, 2012, the Company did not have any securities on loan. Income related to securities lending transactions is included as interest income on the consolidated statement of operations.

Limited Partnership Interests — The Company values interests in limited partnerships at fair value using information provided by the underlying managers, including the net asset value provided by the fund manager, implied valuations from recent capital transactions, relative valuation to public comparables, or common intrinsic valuation techniques. On a qualitative basis, the Company also reviews management’s progress against pre-determined goals. The Company may also apply a discount to reflect liquidity, legal restrictions on sale, or other risk factors. The Company does not have any future commitments to fund any of its limited partnership interests.

Unrealized Gains on Derivative Assets — The Company has entered into certain total return equity swap agreements (the “Swaps”) with a single counterparty relating to long equity securities (the “Reference Securities”). Under the terms of these Swaps (i) the Company is obligated to pay to the counterparty any capital depreciation of the Reference Securities as of maturity, plus interest, and (ii) the counterparty is obligated to pay to the Company any capital appreciation on the Reference Securities as of maturity. As of December 31, 2012, there were unrealized gains of \$299,769 on the Swaps.

Cash and Cash Equivalents — Cash and cash equivalents include amounts held in banks. The Company defines cash and cash equivalents in the consolidated statement of assets and liabilities as funds held in liquid investments with original maturities of 90 days or less.

Due From/To Broker — Due from broker includes receivables for trades pending settlement, as well as cash and margin balances held at the broker. Balance includes cash of \$41,032,354 and cash denominated in foreign currencies of (\$12,281,569) that has a cost of (\$13,122,649). Margin balances are collateralized by certain of the Company’s securities and cash balances held by the broker. The Company pays interest on any outstanding margin balance, which is calculated as the daily margin account balance times the broker’s margin interest rate. Of the total balance due from broker, \$28,750,785 represents cash held as collateral. As of December 31, 2012, trades pending settlement comprised \$2,443,845 of the due from broker balance and the entire due to broker balance.

Investment Income and Expense — Dividend income is recognized on the ex-dividend date and is presented net of withholding tax. Dividends declared on securities sold, not yet purchased held on the ex-dividend date are recorded as dividend expense. Interest income and expense are recorded on an accrual basis except for securities in default for which interest is recognized on a cash basis. The Company utilizes the effective yield method to amortize or accrete income on securities purchased at a premium or discount to par value.

Expenses — The Company pays its direct operating expenses, including legal, accounting, auditing, and other professional fees, as well as all investment-related expenses and other operating costs. The Investment Manager pays its own overhead expenses. The Company has retained Morgan Stanley Fund Services (Bermuda) Ltd. as administrator to the Company.

Foreign Currency — Investment securities and other assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at exchange rates at the reporting date. Purchases and sales of investment securities, foreign currencies and income and expense items denominated in foreign currencies are translated into United States dollar amounts at the exchange rate on the respective dates of such transactions.

Included in net realized gains on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions are foreign exchange gains or losses arising from sales of foreign currencies, currency gains and losses realized between the trade and the settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Company's books and the United States dollar equivalent of the amounts actually received or paid.

Indemnifications — Under the Company's organizational documents, the Investment Manager and Board of Directors of the Company are indemnified against certain liabilities arising out of the performance of their duties for the Company. In addition, in the normal course of business, the Company enters into contracts with vendors and others that provide for general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company. However, the Company has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss to be remote.

Recent Accounting Pronouncement — In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, *Disclosures about Offsetting Assets and Liabilities*. The ASU requires enhanced disclosures about financial instruments and derivative instruments that are either offset when rights of setoff exist or subject to an enforceable master netting agreement or similar agreement. These additional disclosures include the following quantitative information about such instruments: (i) the gross amounts of those recognized assets and liabilities, (ii) the amounts offset to determine the net amounts presented in the consolidated statement of assets and liabilities, (iii) the net amounts presented in the consolidated statement of assets and liabilities, (iv) the amounts subject to a master netting arrangement or similar agreement, (v) the amounts related to financial collateral (including cash collateral), and (vi) the net amount after deducting the amounts in (iv) from the amounts in (iii). The disclosures are effective for fiscal years beginning on or after January 1, 2013. The Company is currently evaluating the impact of these disclosures on its consolidated financial statements.

3. INVESTMENTS

Fair Value of Financial Instruments — In accordance with FASB Accounting Standards Codification ("ASC") Topic 820 ("ASC Topic 820"), the Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The transaction to sell an asset or transfer a liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition of fair value in ASC Topic 820 focuses on the price that would be received to sell the asset or paid to transfer the liability (i.e., an "exit" price), not the price that would be paid to acquire the asset or received to assume the liability (i.e., an "entry" price). ASC Topic 820 establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investment and derivative assets and liabilities, measured and reported at fair value, are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivative financial instruments. As required by ASC Topic 820, the Company does not adjust the quoted prices for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds, restricted equity securities, certain OTC derivative financial instruments, and other non-listed securities.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. Investments that are generally included in this category include limited partnership interests, securities in private companies, and distressed debt.

When more than one input is used to measure fair value, and the inputs fall into different levels of the fair value hierarchy, the level within which the investment is categorized is based on the lowest level of input (Level III being the lowest) that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table summarizes the Company's classification of investment and derivative assets and liabilities, arranged by type, in the above hierarchy levels as of December 31, 2012:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investment assets:				
Common stocks	\$ 72,155,852	\$ 370,767	\$ 3,022,272	\$ 75,548,891
Preferred stocks	-	-	537,195	537,195
Corporate bonds	-	-	2,737,412	2,737,412
Options	3,559,610	-	-	3,559,610
Warrants and rights	-	235,496	2,458	237,954
Limited partnership interest	-	-	137,578	137,578
Total investment assets	<u>\$ 75,715,462</u>	<u>\$ 606,263</u>	<u>\$ 6,436,915</u>	<u>\$ 82,758,640</u>
Derivative assets:				
Equity swaps	\$ -	\$ 299,769	\$ -	\$ 299,769
Total derivative assets	<u>\$ -</u>	<u>\$ 299,769</u>	<u>\$ -</u>	<u>\$ 299,769</u>
Total investment and derivative assets	<u>\$ 75,715,462</u>	<u>\$ 906,032</u>	<u>\$ 6,436,915</u>	<u>\$ 83,058,409</u>
Investment liabilities:				
Common stocks	\$ (23,367,572)	\$ -	\$ -	\$ (23,367,572)
Government bonds	-	(2,899,260)	-	(2,899,260)
Options	(65,575)	-	-	(65,575)
Total investment liabilities	<u>\$ (23,433,147)</u>	<u>\$ (2,899,260)</u>	<u>\$ -</u>	<u>\$ (26,332,407)</u>

The classification of investment assets and liabilities for the Asian Fund is disclosed in the notes to the financial statements of the Asian Fund. The changes in investment assets measured at fair value for which the Company has used Level III inputs to determine fair value are as follows:

	Common stocks	Preferred stocks	Corporate bonds	Warrants and rights	Limited partnership interest	Total
Balance at January 1, 2012	\$ 457,441	\$ 2,779,207	\$ 2,232,958	\$ -	\$ 557,983	\$ 6,027,589
Transfers in	3,455,804	-	300,767	-	-	3,756,571
Transfers out	-	-	(3,756,571)	-	-	(3,756,571)
Purchases	-	-	3,085,849	-	10,000	3,095,849
Sales	-	-	(90,786)	-	-	(90,786)
Realized and change in unrealized gains/(losses)	<u>(890,973)</u>	<u>(2,242,012)</u>	<u>965,195</u>	<u>2,458</u>	<u>(430,405)</u>	<u>(2,595,737)</u>
Balance at December 31, 2012	<u>\$ 3,022,272</u>	<u>\$ 537,195</u>	<u>\$ 2,737,412</u>	<u>\$ 2,458</u>	<u>\$ 137,578</u>	<u>\$ 6,436,915</u>
Change in unrealized appreciation/ (depreciation) on investments held at December 31, 2012	<u>\$ 215,676</u>	<u>\$ (2,242,012)</u>	<u>\$ (256,658)</u>	<u>\$ 2,458</u>	<u>\$ (430,405)</u>	<u>\$ (2,710,941)</u>

The Company's policy is to recognize transfers between levels at the beginning of the reporting period. There were no transfers between levels I and II during the year. Transfers of 3,756,571 within Level III are related to the conversion of certain corporate bonds into common stock and corporate bonds.

Investments classified as Level III are valued on a monthly basis by the Investment Manager. The Investment Manager seeks to utilize a valuation methodology in each case that it believes will provide a price representative of fair value for the particular investment. That methodology includes utilization of independent pricing sources and other inputs, where available, or use of valuation models developed by the Investment Manager. A thorough review of the data inputs, assumptions and any relevant market transactions is performed as of each monthly valuation date.

The following table summarizes the significant unobservable inputs the Company used to value the majority of its investments categorized within Level III as of December 31, 2012. The table is not intended to be all-inclusive, but instead describes the significant unobservable inputs relevant to our determination of fair values.

Investment Type by Enterprise	Fair Value	Valuation Technique	Unobservable Input	Low	High
Common Stock Corporate Bond	\$ 4,083,429	Discounted Cash Flow	Weighted Average Cost of Capital	20%	50%
			Long Term Earnings Growth Rate	15%	45%
		Funding Transaction Liquidation Analysis	Funding Transaction ^(a)	\$ 3.90	\$ 3.90
			Weighted Average Cost of Capital	20%	50%
			Time to Liquidation	0.5 years	3 years
Estimated Recovery of Net Assets	10%	200%			
	Preferred Stock Corporate Bond	Discounted Cash Flow	Weighted Average Cost of Capital	20%	40%
Long Term Earnings Growth Rate			10%	35%	
Option Model		Time to Liquidation	1 year	5 years	
		Annualized Volatility	20%	90%	
		Weighted Average Cost of Capital	20%	40%	
Liquidation Analysis		Weighted Average Cost of Capital	20%	40%	
		Time to Liquidation	1 year	5 years	
		Preferred Stock Corporate Bond Warrant	\$ 589,504	Option Model	Annualized Volatility
Strategic Partner Investment Price per Share	\$ 0.25				\$ 3.00
Funding Transaction Liquidation Analysis	Funding Transaction ^(a)			\$ 0.20	\$ 0.20
	Weighted Average Cost of Capital	20%	50%		
	Time to Liquidation	0.5 years	3 years		
Estimated Recover of Net Assets	10%	200%			
	Common Stock Preferred Stock	\$ 361,470	Market Transaction	Discount for Lack of Marketability	0%
Time to Liquidation				1 year	5 years
Option Model			Annualized Volatility	20%	190%
			Weighted Average Cost of Capital	20%	60%
			Limited Partnership Interest	\$ 137,578	Liquidation Analysis
Discount for Lack of Marketability	20%	80%			

^(a) Expressed in millions

Derivative Financial Instruments and Off-Balance Sheet Risk Management — In the normal course of business, the Company may buy and sell derivative financial instruments, including equity swaps, options, and warrants and rights whose fair values are based upon an underlying asset, and generally represent future commitments to exchange cash flows or to purchase or sell other financial instruments at specified future dates. A derivative financial instrument may be traded on an exchange or negotiated OTC between contracting parties. The Swaps used by the Company are OTC derivative financial instruments.

Derivative financial instruments are subject to various risks similar to those related to the underlying financial instruments, including market, credit, and counterparty risk. The Company uses derivative financial instruments in the normal course of its business to take proprietary trading positions. Swap arrangements may be used by the Company to initiate investment positions. The Company manages the risks associated with derivative financial instruments along with its proprietary activities in cash instruments within the Company's overall risk management framework. To manage these risks, the Company monitors exposure daily, adjusting positions where deemed necessary. Counterparty risk relates to certainty of payment by the counterparty. The Company manages this risk by monitoring the credit worthiness of its counterparty.

The Company is subject to market and credit risk associated with changes in the fair value of the underlying financial instruments, as well as the loss of appreciation if a counterparty should fail to perform. The Investment Manager takes an active role in managing and controlling the Company's market and counterparty risks and has established procedures, which are reviewed on an ongoing basis.

Market risk is the potential change in an instrument's fair value caused by fluctuations in interest rates, security prices, credit spreads, or other risks. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the volatility and liquidity in the markets in which the financial instruments are traded. The Company also sells various financial instruments that have not yet been purchased ("securities sold, not yet purchased"). The Company is exposed to market risk for those securities sold, not yet purchased. If the fair value of a security sold, not yet purchased increases, the Company's obligation, reflected as a liability on the consolidated statement of assets and liabilities, would increase, thereby reducing earnings.

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. The Company's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Company has an unrealized gain. The Company clears its exchange traded equity and non-exchange traded derivative transactions through Morgan Stanley and Goldman Sachs. In the event these clearing brokers do not fulfill their obligations, the Company may be exposed to risk. The Investment Manager attempts to minimize this risk by monitoring the creditworthiness of its clearing brokers. Estimated credit risk exposure with respect to the Company's outstanding derivative financial instruments is \$299,769 as of December 31, 2012.

Since the Company does not clear its own investment transactions, it has established an account with a brokerage firm for this purpose. The resulting concentration of credit risk is mitigated by the broker's obligation to comply with the rules and regulations of the U.S. Securities and Exchange Commission. The Company also regularly reviews the credit quality and credit limit extended to each of the counterparties with which it chooses to conduct business.

The Company may enter into Swaps that involve the exchange by the Company with another party of their respective commitments to pay or receive from the counterparty a net amount based on the change in fair value of an underlying equity security, financial instrument, basket of securities or financial instruments, or index and a specified notional holding. The use of these contracts exposes the Company to market risks equivalent to actually holding securities or instruments of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains and losses of the Company may therefore be magnified on the capital commitment. Entering into Swaps involves varying degrees of risk, including credit risk arising from the potential inability of a counterparty to meet the terms of the contracts, the risk that there will be no liquid market for these agreements, and the risk that there will be unfavorable changes in the fair value of the underlying instrument.

The Company may enter into option contracts that provide the purchaser with the right, but not the obligation, to buy or sell a security or financial instrument at a predetermined exercise price during a defined period. The option purchaser pays a premium to the option writer for the right to exercise the option. The option writer is obligated to buy or sell the item underlying the contract at a set price if the option purchaser chooses to exercise the option. Option contracts also exist for various indices and are similar to options on a security except that, rather than settling physically with delivery of the underlying instrument, they are settled in cash. As a purchaser of an option contract, the Company is subject to credit risk since the counterparty is obligated to make payments under the terms of the option contract if the Company exercises the option. As a purchaser of an option contract, the Company is only subject to market risk to the extent of the premium paid. As a writer of an option contract, the Company is not subject to credit risk but is subject to market risk, since the Company is obligated to make payments under the terms of the option contract if exercised. The Company uses exchange-traded contracts that have standardized terms and performance mechanics.

The Company holds warrants and rights which grant the holder the right, but not the obligation, to buy a security or financial instrument at a predetermined price within a specified period of time or on a specific date. The issuer is obligated to sell the item underlying the contract at a set price if the holder chooses to exercise the warrant or right. The Company is subject to credit risk since the counterparty is obligated to comply with the terms of the contract if the Company exercises the warrant or right.

The fair value of derivative financial instruments by type is reported in the consolidated condensed schedule of investments as of December 31, 2012. The fair value of equity options and warrants is reported in investments in securities and the fair value of equity swaps is reported in unrealized gains on derivative assets in the consolidated statement of assets and liabilities. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting, if applicable.

The following table presents the impact of derivative financial instruments on the consolidated statement of operations, arranged by type of contract. The Company did not designate any derivative financial instruments as hedging instruments for the year ended December 31, 2012.

	<u>Swaps</u>	<u>Options</u>	<u>Warrants and Rights</u>
Underlying risk exposure	Equity	Equity	Equity
Consolidated statement of operations location			
Net realized gains on investments in securities, securities sold, not yet purchased, derivative contracts, and foreign currency transactions	\$ 674,260	\$(2,216,826)	\$ (40,172)
Net change in unrealized appreciation/depreciation on investments in securities, securities sold, not yet purchased, and derivative contracts	\$ (133,411)	\$ 453,995	\$(662,087)
Consolidated statement of assets and liabilities location			
Investments in securities - at fair value		\$ 3,559,610	\$ 237,954
Unrealized gains on derivative assets	\$ 299,769		
Volume during the year ended December 31, 2012			
Average notional fair value	\$2,628,836		
Number of contracts opened		44,630	1
Number of contracts closed		21,434	1,629,688

4. TAXATION

The Company has been registered as an exempted company pursuant to the Companies Law of the Cayman Islands. No local income, profits, or capital gains taxes are levied in the Cayman Islands at the current time; however, the Company has received an undertaking from the Cayman Islands' Government that, for a period of twenty years from October 21, 2003, the Company will be exempt from taxation in the Cayman Islands. The only taxes payable by the Company on its income are withholding taxes applicable to certain income.

The Company reviews and evaluates tax positions in its major jurisdictions and determines whether or not there are uncertain tax positions that require financial statement recognition. Based on this review, the Company has determined the major tax jurisdictions as where the Company is organized and where the Company makes investments; however, no provisions for uncertain tax positions were required to have been recorded. The Company's tax returns remain open for examination by tax authorities for a period of three years from when they are filed. As a result, no income tax liability or expense has been recorded in the accompanying consolidated financial statements.

5. SHAREHOLDER ACTIVITY

The authorized share capital of the Company is \$50,000 divided into 5,000,000 common shares of \$0.01 par value each. The common shares can be divided into two classes; Class A and Class B. Class A Shares are offered to non-restricted persons who do not fall within the rules of the U.S. National Association of Securities Dealers, Inc. relating to purchases of new securities. Class B Shares are offered to restricted persons who fall within such provisions or select not to participate in any purchases of new issues. Outstanding common shares carry voting rights and participate pro rata in the profits of the Company. As of December 31, 2012, all common shares outstanding were Class A shares.

6. FINANCIAL HIGHLIGHTS

The following represents the per share information, ratios to average net assets, and other supplemental information for the year ended December 31, 2012:

Per share operating performance	
Beginning net asset value per share	<u>\$ 130.68</u>
Income/(loss) from operations:	
Net investment loss	(1.16)
Net realized and change in unrealized gain/(loss) on investments, securities sold not yet purchased, derivative contracts, and foreign currency transactions	<u>14.74</u>
Net increase in net assets resulting from operations	<u>13.58</u>
Ending net asset value per share	<u>\$ 144.26</u>

The per share operating performance is computed based upon the average number of shares outstanding during the year.

Total return	<u>10.39 %</u>
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Total return is calculated based on the change in the net asset value per share and is calculated for the Company as a whole. An individual investor's return may vary from the return based on the timing of capital transactions.

Ratios to average net assets:	
Total expenses	<u>2.28 %</u>
Net investment loss	<u>(0.89)%</u>

The total expenses and net investment income ratios are computed based upon the weighted average monthly net assets for the Company. Total expenses include investment and operating expenses. The total expense ratio excluding investment expenses is 0.59%. Net investment loss includes dividend, interest and other income less investment and operating expenses.

7. SUBSEQUENT EVENTS

Subsequent events through March 14, 2013, the date the consolidated financial statements were available to be issued, have been evaluated, and it has been determined there were no subsequent events requiring disclosure or recognition in the consolidated financial statements.

* * * * *

CCM Asian Small Cap
Value Fund, 
(A Delaware Limited Partnership)

Financial Statements as of and for the
Year Ended December 31, 2012, and
Independent Auditors' Report

CCM ASIAN SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012:	
Statement of Financial Condition	2
Condensed Schedule of Investments	3–6
Statement of Operations	7
Statement of Changes in Partners' Capital	8
Statement of Cash Flows	9
Notes to Financial Statements	10–18

INDEPENDENT AUDITORS' REPORT

To the Partners of
CCM Asian Small Cap Value Fund, ■■■:

We have audited the accompanying financial statements of CCM Asian Small Cap Value Fund, ■■■ (a Delaware Limited Partnership) (the "Partnership"), which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2012, and the related statements of operations, changes in partners' capital, and cash flows for the year then ended (expressed in United States dollars), and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCM Asian Small Cap Value Fund, ■■■, as of December 31, 2012, and the results of its operations, changes in partners' capital, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 14, 2013

CCM ASIAN SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

ASSETS	
Investments in securities — at fair value (cost: \$7,034,966)	\$ 7,593,023
Due from broker	2,708,511
Cash and cash equivalents	60,001
Interest receivable	1,258
Dividends receivable	<u>30,492</u>
TOTAL ASSETS	<u>\$ 10,393,285</u>
LIABILITIES	
Securities sold, not yet purchased — at fair value (proceeds: \$1,863,084)	\$ 1,982,424
Interest payable	1,702
Dividends payable	365
Stock loan fees payable	3,248
Accrued operating expenses	44,637
Advanced contributions	<u>60,000</u>
Total liabilities	<u>2,092,376</u>
PARTNERS' CAPITAL	
General Partner	23,560
Limited partners	<u>8,277,349</u>
Total partners' capital	<u>8,300,909</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$ 10,393,285</u>

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment assets by type:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Investment assets:			
Common stock	\$ 6,907,823	\$ 7,588,483	91.42 %
Options	<u>127,143</u>	<u>4,540</u>	<u>0.05</u>
Total	<u>\$ 7,034,966</u>	<u>\$ 7,593,023</u>	<u>91.47 %</u>

The following table categorizes the aggregate fair value of investment liabilities by type:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Investment liabilities:			
Common stock	\$ (1,047,200)	\$ (1,134,291)	(13.66) %
Exchange traded fund	<u>(815,884)</u>	<u>(848,133)</u>	<u>(10.22)</u>
Total	<u>\$ (1,863,084)</u>	<u>\$ (1,982,424)</u>	<u>(23.88) %</u>

(continued)

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment assets by country:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Japan	\$ 7,034,966	\$ 7,593,023	91.47 %
Total	<u>\$ 7,034,966</u>	<u>\$ 7,593,023</u>	<u>91.47 %</u>

The following table categorizes the aggregate fair value of investment liabilities by country:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Japan	\$ (1,863,084)	\$ (1,982,424)	(23.88) %
Total	<u>\$ (1,863,084)</u>	<u>\$ (1,982,424)</u>	<u>(23.88) %</u>

(continued)

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED]
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the aggregate fair value of investment assets by industry:

	<u>Cost</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Basic materials	\$ 618,729	\$ 642,598	7.74 %
Communications	1,744,219	2,048,423	24.68
Consumer, cyclical	923,405	1,094,140	13.18
Consumer, non-cyclical	708,904	791,372	9.53
Index	127,143	4,540	0.05
Industrial	1,180,643	1,187,312	14.30
Technology	<u>1,731,923</u>	<u>1,824,638</u>	<u>21.99</u>
Total	<u>\$ 7,034,966</u>	<u>\$ 7,593,023</u>	<u>91.47 %</u>

The following table categorizes the aggregate fair value of investment liabilities by industry:

	<u>Proceeds</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Basic materials	\$ (174,681)	\$ (197,529)	(2.38) %
Communications	(129,017)	(130,242)	(1.57)
Consumer, cyclical	(353,100)	(374,527)	(4.50)
Consumer, non-cyclical	(50,342)	(48,859)	(0.59)
Financial	(75,398)	(85,224)	(1.03)
Index	(815,884)	(848,133)	(10.22)
Industrial	(164,231)	(186,959)	(2.25)
Technology	<u>(100,431)</u>	<u>(110,951)</u>	<u>(1.34)</u>
Total	<u>\$ (1,863,084)</u>	<u>\$ (1,982,424)</u>	<u>(23.88) %</u>

(continued)

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

CONDENSED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2012
(Expressed in United States dollars)

The following table categorizes the fair value of investment assets and liabilities by issuer that are greater than 5% of partners' capital.

	<u>Shares</u>	<u>Fair Value</u>	<u>% Partners' Capital</u>
Common stock-Japan			
Amuse Inc.	29,300	\$ 562,968	6.78 %
Argo Graphics Inc.	49,200	635,131	7.65
Maezawa Kasei Industries Co.	42,900	435,626	5.25
Nomura TOPIX Exchange Traded Fund	(84,000)	(848,133)	(10.22)
Opt Inc.	64,200	500,961	6.04
Proto Corp.	25,200	434,523	5.23
Soft99 Corp.	106,600	642,598	7.74
Toei Animation Co. Ltd	24,400	576,533	6.95
Zuken Inc.	86,400	575,602	6.93

(concluded)

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

NET INVESTMENT LOSS	
Investment income:	
Interest income	\$ 6,949
Dividend income (net of withholding taxes of \$17,063)	<u>227,603</u>
Total investment income	<u>234,552</u>
Investment expenses:	
Interest expense	(28,098)
Stock loan fees	(20,008)
Dividend expense	<u>(17,654)</u>
Total investment expenses	<u>(65,760)</u>
Operating expenses:	
Management fees	(18,259)
Administrative fees	(63,000)
Professional fees	(138,153)
Other operating expenses	<u>(742)</u>
Total operating expenses	<u>(220,154)</u>
NET INVESTMENT LOSS	<u>(51,362)</u>
REALIZED AND CHANGE IN UNREALIZED GAINS/(LOSSES) ON INVESTMENTS IN SECURITIES, SECURITIES SOLD, NOT YET PURCHASED, AND FOREIGN CURRENCY TRANSACTIONS	
Net realized gains on investments in securities, securities sold, not yet purchased, and foreign currency transactions	359,407
Net change in unrealized appreciation/depreciation on investments in securities and securities sold, not yet purchased	(505,733)
Net change in unrealized appreciation/depreciation on translation of assets and liabilities denominated in foreign currencies	<u>466,126</u>
Net realized and change in unrealized gains on investments in securities, securities sold, not yet purchased, and foreign currency transactions	<u>319,800</u>
NET INCREASE IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS	<u>\$ 268,438</u>

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, ■■■.
(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN PARTNER'S CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

	<u>Limited partners</u>	<u>General Partner</u>	<u>Total</u>
PARTNERS' CAPITAL — January 1, 2012	\$ 7,921,256	\$ 11,215	\$ 7,932,471
Capital contributions	-	100,000	100,000
Capital withdrawals	-	-	-
Net increase in partners' capital resulting from operations	<u>356,093</u>	<u>(87,655)</u>	<u>268,438</u>
PARTNERS' CAPITAL — December 31, 2012	<u>\$ 8,277,349</u>	<u>\$ 23,560</u>	<u>\$ 8,300,909</u>

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, [REDACTED].
(A Delaware Limited Partnership)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Expressed in United States dollars)

OPERATING ACTIVITIES	
Net increase in partners' capital resulting from operations	\$ 268,438
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized gains on investments in securities and securities sold, not yet purchased	(199,789)
Net change in unrealized appreciation/depreciation on investments in securities and securities sold, not yet purchased	505,733
Changes in operating assets:	
Purchases of investment securities	(4,803,678)
Proceeds from sales of investment securities	4,849,127
(Increase)/decrease in:	
Due from broker	(1,938,343)
Interest receivable	(1,211)
Dividends receivable	(5,825)
Changes in operating liabilities:	
Covers of securities sold, not yet purchased	(3,645,313)
Proceeds from securities sold, not yet purchased	5,333,518
Increase/(decrease) in:	
Due to broker	(11,396)
Interest payable	(816)
Dividends payable	365
Stock loan fees payable	3,162
Accrued operating expenses	<u>17,916</u>
Net cash provided by operating activities	<u>371,888</u>
FINANCING ACTIVITIES	
Contributions	160,000
Withdrawals	<u>(471,887)</u>
Net cash used in financing activities	<u>(311,887)</u>
NET CHANGE IN CASH	<u>60,001</u>
CASH - Beginning of year	<u>-</u>
CASH - End of year	<u>\$ 60,001</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	<u>\$ 28,914</u>

See notes to financial statements.

CCM ASIAN SMALL CAP VALUE FUND, ■■■.

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012 (Expressed in United States dollars)

1. ORGANIZATION AND NATURE OF BUSINESS

CCM Asian Small Cap Value Fund, ■■■. (the "Partnership"), a Delaware limited partnership, was organized in January 2010 and commenced operations on February 1, 2010.

The Partnership's general partner is Coghill Capital Management, L.L.C. (the "General Partner"), a Delaware limited liability company. The General Partner has the general supervisory responsibility and authority for all aspects of the Partnership's business and operations.

The Partnership's primary objective is to seek capital appreciation over the long-term. The Partnership holds both long and short positions with a particular focus on Japanese and other Asian or Asian-related equities. The Partnership employs a bottom-up, fundamental analysis approach to seek to identify under- and over-valued companies in the small cap universe. Through a qualitative research process, the General Partner refines this universe to identify a select group of undervalued issuers on the long side, and a group that is overvalued with fundamental flaws in their underlying businesses on the short side. Identifying specific, time-bound catalysts for securities price movement is the key element driving the General Partner's research process.

The General Partner of the Partnership also serves as the investment manager of CCM Master Qualified Fund, Ltd. ("CCM MQF"). As of December 31, 2012, CCM MQF owns 85.18% of the Partnership. As CCM MQF is an entity under common control, it does not pay a management fee or incentive allocation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in United States dollars.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the accompanying notes. Actual results could differ from those estimates.

Significant estimates include the valuation of certain securities and derivative financial instruments. Because of the inherent uncertainty of valuation, the estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities and derivative financial instruments existed, and the differences could be material.

The following are the significant accounting policies adopted by the Partnership:

Security Transactions and Valuation — Investment assets and liabilities are valued at fair value. In determining fair value, the existence of an active market is considered, which is defined by the Partnership as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in securities traded on a recognized national securities exchange or reported on other national markets are valued at the last reported sales price as of the valuation day. If no sale occurred on such day but there are observable market inputs available, such as "bid" and "offer" prices, the bid price is used for long investments in securities and the offer price is used for securities sold, not yet purchased at the close of business on such day.

Securities that are not listed on a national securities exchange or reported on other national markets, but that are traded among broker-dealers and other institutional investors in over-the-counter (“OTC”) markets, are recorded at fair value using current market quotations provided by such broker-dealers and, where available, external pricing sources. Restricted securities and certain other securities, for which quotations are not readily available, are valued at fair value based on market participant assumptions made by the Partnership, using pricing models, recent transactions, and/or market comparables. Securities for which there are legal or contractual restrictions are valued at fair value as determined above less a discount for these restrictions.

Security transactions are accounted for on a trade date basis. Realized gains and losses on investments are calculated using the specific identification method and are recorded in the statement of operations.

The Partnership may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Partnership sells securities sold, not yet purchased, it must borrow the securities sold, not yet purchased and deliver it to the broker-dealer through which it made the transaction. A realized gain, limited to the price at which the Partnership sold the securities sold, not yet purchased, or a realized loss, unlimited in size, will be recognized upon the termination of a short sale. A stock loan fee is paid to the broker-dealer as part of this transaction and is expensed upon initiation of the transaction.

Derivative Financial Instruments — The Partnership may trade derivative financial instruments such as equity swaps, options, futures, and certain warrants and rights, which are recorded at fair value at the reporting date. These derivative financial instruments are described more fully in note 3. Derivative financial instruments are generally based upon notional values. Notional values are not recorded in the statement of financial condition, but rather are utilized solely as a basis for determining future cash flows to be exchanged. Therefore, notional amounts provide a measure of the Partnership’s involvement with such instruments, but are not fully indicative of potential risk. Realized and unrealized changes in fair values are included in realized and change in unrealized gains/(losses) on investments in securities, securities sold, not yet purchased, and foreign currency transactions in the statement of operations in the period in which the changes occur. The fair value on all derivative financial instruments at the reporting date is included in the statement of financial condition.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Partnership would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are exchange traded or are traded in the OTC market where fair values are readily determinable. Certain derivative financial instruments, which are not exchange traded and for which fair values are not readily available, are valued at fair value based on pricing models.

Fair value of open equity swap contracts is calculated as the change in fair value of the underlying equity security, financial instrument, basket of securities or financial instruments, or index, using pricing from the relevant underlying market from sources such as Bloomberg. This change in fair value is then applied to the notional amount of the equity swap. The existence of an active market of the underlying instrument(s) is considered in determining the fair value of the equity swap.

Fair value of open futures contracts is calculated as the difference between the contract price at trade date and the contract’s closing price on the valuation date as reported on the exchange on which the futures contracts are traded.

Options, warrants and rights traded in the OTC market are recorded at fair value using current market quotations provided by external pricing sources, counterparties or using pricing models.

Cash and Cash Equivalents — Cash and cash equivalents include amounts held in banks. The Partnership defines cash and cash equivalents in the statement of financial condition as funds held in liquid investments with original maturities of 90 days or less.

Due From/To Broker — Due from broker includes cash and margin balances held at the broker. Balance includes cash of \$5,949,810 and cash denominated in foreign currencies of (\$3,241,299) that has a cost of (\$3,447,522). Margin balances are collateralized by certain of the Partnership's securities and cash balances held by the broker. The Partnership pays interest on any outstanding margin balance, which is calculated as the daily margin account balance times the broker's margin interest rate. Of the total balance due from broker, \$2,086,392 represents cash held as collateral.

As of December 31, 2012, there were no trades pending settlement.

Investment Income and Expense — Interest income and expense are recorded on an accrual basis. Dividend income is recognized on the ex-dividend date and is presented net of withholding tax. Dividends declared on securities sold, not yet purchased held on the ex-dividend date are recorded as dividend expense.

Expenses — The Partnership pays its direct operating expenses, including legal, accounting, auditing, and other professional fees, as well as all investment-related expenses and other operating costs. The Partnership has retained Morgan Stanley Fund Services USA LLC as the administrator to the Partnership. The General Partner pays its own overhead expenses. Pursuant to an agreement between CCM MQF and the General Partner, the General Partner bears (through a special allocation of such expenses to its capital account in the Partnership or such other manner as the General Partner shall choose) all incremental administrative expenses that CCM MQF would otherwise incur by investing in the Partnership rather than investing in the Partnership's investments directly.

Foreign Currency — Investment securities and other assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at exchange rates at the reporting date. Purchases and sales of investment securities, foreign currencies, and income and expense items denominated in foreign currencies are translated into United States dollar amounts at the exchange rate on the respective dates of such transactions.

Included in net realized losses on investments in securities, securities sold, not yet purchased, and foreign currency transactions are foreign exchange gains or losses arising from sales of foreign currencies, currency gains and losses realized between the trade and the settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Partnership's books and the United States dollar equivalent of the amounts actually received or paid.

Indemnifications — Under the Partnership's organizational documents, the General Partner of the Partnership is indemnified against certain liabilities arising out of the performance of its duties for the Partnership. In addition, in the normal course of business, the Partnership enters into contracts with vendors and others that provide for general indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership. However, the Partnership has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss to be remote.

Recent Accounting Pronouncement — In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, *Disclosures about Offsetting Assets and Liabilities*. The ASU requires enhanced disclosures about financial instruments and derivative instruments that are either offset when rights of setoff exist or subject to an enforceable master netting agreement or similar agreement. These additional disclosures include the following quantitative information about such instruments: (i) the gross amounts of those recognized assets and liabilities, (ii) the amounts offset to determine the net amounts presented in the statement of financial condition, (iii) the net amounts presented in the statement of financial condition, (iv) the amounts subject to a master netting arrangement or similar agreement, (v) the amounts related to financial collateral (including cash collateral), and (vi) the net amount after deducting the amounts in (iv) from the amounts in (iii). The disclosures are effective for fiscal years beginning on or after January 1, 2013. The Partnership is currently evaluating the impact of these disclosures on its financial statements.

3. INVESTMENTS

Fair Value of Financial Instruments — In accordance with FASB Accounting Standards Codification (“ASC”) Topic 820 (“ASC Topic 820”), the Partnership defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The transaction to sell an asset or transfer a liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition of fair value in ASC Topic 820 focuses on the price that would be received to sell the asset or paid to transfer the liability (i.e., an “exit” price), not the price that would be paid to acquire the asset or received to assume the liability (i.e., an “entry” price). ASC Topic 820 establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investment assets and liabilities, measured and reported at fair value, are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivative financial instruments. As required by ASC Topic 820, the Partnership does not adjust the quoted prices for these investments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds, restricted equity securities, certain OTC derivative financial instruments, and other non-listed securities.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. Investments that are generally included in this category include limited partnership interests, securities in private companies, and distressed debt.

When more than one input is used to measure fair value, and the inputs fall into different levels of the fair value hierarchy, the level within which the investment is categorized is based on the lowest level of input (Level III being the lowest) that is significant to the fair value measurement. The Partnership’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table summarizes the Partnership's classification of investment assets and liabilities, arranged by type, in the above hierarchy levels as of December 31, 2012:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investment assets:				
Common stock	\$ 7,588,483	\$ -	\$ -	\$ 7,588,483
Options	<u>4,540</u>	<u>-</u>	<u>-</u>	<u>4,540</u>
Total investment assets	<u>\$ 7,593,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,593,023</u>
Investment liabilities:				
Common stock	\$ (1,134,291)	\$ -	\$ -	\$ (1,134,291)
Exchange traded fund	<u>(848,133)</u>	<u>-</u>	<u>-</u>	<u>(848,133)</u>
Total investment liabilities	<u>\$ (1,982,424)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,982,424)</u>

The Partnership's policy is to recognize transfers between levels at the beginning of the reporting period. There were no transfers between levels during the year.

Derivative Financial Instruments and Off-Balance Sheet Risk Management — In the normal course of business, the Partnership may buy and sell derivative financial instruments, including equity swaps, options, futures, and certain warrants and rights whose fair values are based upon an underlying asset, and generally represent future commitments to exchange cash flows or to purchase or sell other financial instruments at specified future dates. A derivative financial instrument may be traded on an exchange or negotiated OTC between contracting parties.

Derivative financial instruments are subject to various risks similar to those related to the underlying financial instruments, including market, credit, and counterparty risk. The Partnership may use derivative financial instruments in the normal course of its business to take proprietary trading positions. Counterparty risk relates to certainty of payment by the counterparty. The Partnership manages this risk by monitoring the credit worthiness of its counterparty.

The Partnership is subject to market and credit risk associated with changes in the fair value of the underlying financial instruments, as well as the loss of appreciation if a counterparty should fail to perform. The General Partner takes an active role in managing and controlling the Partnership's market and counterparty risks and has established procedures, which are reviewed on an ongoing basis.

Market risk is the potential change in an instrument's fair value caused by fluctuations in interest rates, security prices, credit spreads, or other risks. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the volatility and liquidity in the markets in which the financial instruments are traded. The Partnership also sells various financial instruments that have not yet been purchased ("securities sold, not yet purchased"). The Partnership is exposed to market risk for those securities sold, not yet purchased. If the fair value of a security sold, not yet purchased increases, the Partnership's obligation, reflected as a liability on the statement of financial condition, would increase, thereby reducing earnings.

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. The Partnership's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Partnership has an unrealized gain. The Partnership clears its exchange traded equity and non-exchange traded derivative transactions through Morgan Stanley. In the event the clearing broker does not fulfill its obligations, the Partnership may be exposed to risk. The General Partner attempts to minimize this risk by monitoring the creditworthiness of its clearing broker. Estimated credit risk exposure with respect to the Partnership's outstanding derivative financial instruments is \$0 as of December 31, 2012.

Since the Partnership does not clear its own investment transactions, it has established an account with a brokerage firm for this purpose. The resulting concentration of credit risk is mitigated by the broker's obligation to comply with the rules and regulations of the United States Securities and Exchange Commission. The Partnership also regularly reviews the credit quality and credit limit extended to each of the counterparties with which it chooses to conduct business.

The Partnership may enter into equity swap arrangements that involve the exchange by the Partnership with another party of their respective commitments to pay or receive from the counterparty a net amount based on the change in fair value of an underlying equity security, financial instrument, basket of securities or financial instruments, or index and a specified notional holding. The use of these contracts exposes the Partnership to market risks equivalent to actually holding securities or instruments of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains and losses of the Partnership may therefore be magnified on the capital commitment. Entering into swap agreements involves varying degrees of risk, including credit risk arising from the potential inability of a counterparty to meet the terms of the contracts, the risk that there will be no liquid market for these agreements, and the risk that there will be unfavorable changes in the fair value of the underlying instrument.

The Partnership may enter into futures contracts. Upon entering into a futures contract, the Partnership agrees to receive or deliver a fixed quantity of an underlying instrument or commodity for an agreed-upon price. The Partnership is required to provide initial margin, which is a deposit of either cash or securities in an amount equal to a certain percentage of the contract value. The initial margin is adjusted to reflect changes in the fair value of the futures contract, which is recorded at fair value on a daily basis. The Partnership recognizes a realized gain or loss when the contract is closed. Exchange traded futures contracts expose the Partnership to market and liquidity risks. The Partnership is exposed to market risk to the extent that adverse changes occur in the fair values of the underlying securities, commodities or indices. Liquidity risk represents the possibility that the Partnership may not be able to rapidly adjust the size of its futures position in times of high volatility and financial stress at a reasonable price. In instances where financial futures contracts are used for hedging purposes, there is the risk of imperfect correlation between the movements in the price of futures contracts and the underlying hedged assets.

The Partnership may enter into option contracts that provide the purchaser with the right, but not the obligation, to buy or sell a security or financial instrument at a predetermined exercise price during a defined period. The option purchaser pays a premium to the option writer for the right to exercise the option. The option writer is obligated to buy or sell the item underlying the contract at a set price if the option purchaser chooses to exercise the option. Option contracts also exist for various indices and are similar to options on a security except that, rather than settling physically with delivery of the underlying instrument, they are settled in cash. As a purchaser of an option contract, the Partnership is subject to credit risk, since the counterparty is obligated to make payments under the terms of the option contract if the Partnership exercises the option. As a purchaser of an option contract, the Partnership is only subject to market risk to the extent of the premium paid. As a writer of an option contract, the Partnership is not subject to credit risk but is subject to market risk, since the Partnership is obligated to make payments under the terms of the option contract if exercised. The Partnership may use exchange-traded contracts that have standardized terms and performance mechanics.

The Partnership may enter into warrants and rights, which grant the holder the right, but not the obligation, to buy a security or financial instrument at a predetermined price within a specified period of time or on a specific date. The issuer is obligated to sell the item underlying the contract at a set price if the holder chooses to exercise the warrant or right. The Partnership is subject to credit risk since the counterparty is obligated to comply with the terms of the contract if the Partnership exercises the warrant or right.

The fair value of derivative financial instruments by type is reported in the condensed schedule of investments as of December 31, 2012. The fair value of equity options is reported in investments in securities. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting, if applicable.

The following table presents the impact of derivative financial instruments on the statement of operations, arranged by type of contract. The Partnership did not designate any derivative financial instruments as hedging instruments for the year ended December 31, 2012.

<u>Statement of operations location</u>			
	<u>Net realized gains on investments in securities, securities sold, not yet purchased, and foreign currency transactions</u>	<u>Net change in unrealized appreciation/depreciation on investments in securities, and securities sold, not yet purchased</u>	<u>Volume during the year ended December 31, 2012</u>
Options			
Equity	\$ (161,605)	\$ (107,506)	Number of contracts bought: 13,865 Number of contracts sold, expired, or exercised: 12,873

4. TAXATION

Each partner is individually responsible for reporting income or loss, to the extent required by the federal and state income tax laws and regulations, based upon its respective share of the Partnership's income and expense as reported for income tax purposes.

The Partnership reviews and evaluates tax positions in its major jurisdictions and determines whether or not there are uncertain tax positions that require financial statement recognition. Based on this review, the Partnership has determined the major tax jurisdictions as where the Partnership is organized and where the Partnership makes investments; however, no provisions for uncertain tax positions were required to have been recorded for any of the Partnership's open tax years. The Partnership's tax returns remain open for examination by tax authorities for a period of three years from when they are filed. As a result, no income tax liability or expense has been recorded in the accompanying financial statements.

5. MANAGEMENT FEE

The Partnership pays the General Partner a monthly management fee in an amount equal to 0.125% (1.5% per annum) of the net assets of the Partnership's limited partners. The management fee is paid in advance as of the first day of each month based on the value of the Partnership's partners' capital as of the first day of each month (adjusted for contributions and withdrawals made during the month). The General Partner, in its sole discretion may waive or reduce the management fee for limited partners that are employees or affiliates of the General Partner or relatives of such persons and for certain large or strategic investors.

6. ALLOCATION OF NET INCOME OR LOSS

Net income or loss, before management fees, is allocated to all partners in proportion to each partner's capital account balance. Management fees are charged to each limited partner's capital account.

The General Partner earns an incentive allocation of net profits, as defined in the Limited Partnership Agreement, equal to 20% of each limited partner's share of net profits. Each limited partner's capital account is subject to a loss carryforward provision such that no deduction from a limited partner's capital account is made with respect to a fiscal year until any net loss previously allocated to the capital account has been offset by subsequent net profits. Any such loss carryforward will also be proportionately reduced for any limited partner's withdrawal. The General Partner may waive or reduce the incentive allocation for certain affiliated limited partners. For the year ended December 31, 2012, the General Partner did not earn an incentive allocation.

7. PARTNERS' CAPITAL

Contributions received in advance consist of cash contributions received prior to December 31, for which partner interests of the Partnership will be issued on the subsequent January 1. Contributions received in advance do not participate in the earnings of the Partnership until the related partner interests are issued.

Except with respect to participation in new issues, all limited partners generally will participate in all investments of the Partnership in the same manner.

The General Partner will generally admit additional limited partners or accept additional capital contributions from existing limited partners on the first day of each month and at such other times selected by the General Partner.

Limited partners may withdraw all or a portion of their capital accounts as of the last day of any calendar quarter on at least 60 days prior written notice. The General Partner, in its sole discretion, may waive or modify any terms related to withdrawals for a limited partner.

CCM MQF is the only limited partner that is an affiliated entity as of December 31, 2012 and is not subject to certain expense allocations that are instead borne by the General Partner.

8. FINANCIAL HIGHLIGHTS

The ratios to average unaffiliated limited partners' capital for the year ended December 31, 2012, are represented by the following:

Ratios to average unaffiliated limited partners' capital	
Total expenses	4.72 %
Incentive allocation	<u>0.00</u>
Total expenses and incentive allocation	<u>4.72 %</u>
Net investment loss	<u>(1.90) %</u>

The net investment loss and total expenses ratios are computed based upon the monthly average unaffiliated limited partner capital. Net investment loss and total expenses ratios include operating expenses. The total expenses ratio, excluding investment expenses, is 3.93%.

Total return	
Total return before incentive allocation	2.04 %
Incentive allocation	<u>0.00</u>
Total return after incentive allocation	<u>2.04 %</u>

Total return is calculated for all unaffiliated limited partners taken as a whole and utilizes geometrically linked returns based on cash flows that consider the timing of capital contributions and withdrawals during the year. An individual partner's return and ratios may vary from these returns and ratios based on different management fees and incentive allocation arrangements (as applicable) and the timing of capital transactions.

9. SUBSEQUENT EVENTS

Subsequent events through March 14, 2013, the date the financial statements were available to be issued, have been evaluated and it has been determined there were no subsequent events requiring disclosure or recognition in the financial statements.

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