

Prusik Asia Fund Plc

FSA Authorised
Recognised Schedule 5



Prusik Investment Management LLP

An Independent Asian specialist investment manager

NAV Updates

Series	30th Apr '06	MTD	YTD
Class A	131.65	10.14%	20.94%
Class B	131.65	10.14%	20.94%

Fund Size \$31m

NAV Update 30th April 2006

Class A USD	
Non distributing	USD131.65
Class B USD	
Distributing*	USD131.65

The fund rose 10.1% in April against a more benign background for markets generally. Many of our themes performed well, in particular Taiwan Domestic, LED, Education and Infrastructure related shares.

We mentioned last month that the weight of money now clamouring at the door of Asia was becoming impressive and indeed this has now erupted into some very big moves. It is our habit to review aggressively after such a good month as we are no strangers to the idea that if you can make a lot, the reverse is always possible! To this end we have intensively reviewed our exposure to illiquid names during the month and are becoming additionally cautious on holdings which have run towards less than attractive valuations (and there are a few) .

Whilst we remain extremely positive about the prospects for Asia and the industries and companies we like, in the immediate future increasing consensus that the 'financial stars have never been so well aligned' is making us ever more conscious of potential risk.

LED (Light Emitting Diodes)

According to studies of electricity usage, about 20% of global electricity consumption is used for lighting.

Of this (according to a study carried out in 2001) 42% was incandescent lamps, 41% fluorescent whilst 17% was very high energy usage. LED lights save up to 25% of the energy usage of conventional lighting and last roughly 100,000 hours compared to a 1,000 hours for a conventional lighting source.

White LED lights are now being used in the interior of cars, and their use as headlights is imminent. In addition, the LED industry estimates that, within 3 years, a warmer and more natural light tone will have been developed at which point LED lighting will become a mainstream domestic and office use light source. Cree, the US industry leader, has indicated that such a development could happen within a year.

The most recent technology breakthrough for LEDs has been in the development of white light LEDs. The first big market for these has been the mobile phone sector where they are used for backlighting the display. However, LEDs are now also being used as backlights for smaller TFT screens. In the current year alone, we think that roughly 150 million TVs and 900 million mobiles will be sold globally. In addition, camera flashes will also utilise LEDs.

This is therefore a very fast growing market. So far, the technology has been closely held amongst a few players. This has ensured that supply has not outstripped demand. The sector grew 60% in 2005 and is forecast to grow around 36% this year. However, US listed Cree has recently admitted that it is losing sales to Taiwan producers. Indeed sales for the first quarter at one of our companies, Harvatek, rose 50% YoY and profits by 800% yoy. Prusik forecasts put our main LED investments on 14x 07. As for the street, no foreign brokerage house in Taiwan covers the sector yet. That adds another layer of comfort.

Food

We wrote last month about the rising demand for bio-diesel competing with food production, about the shortage of water, about rising temperatures reducing crop yields and about China's industrialisation and imminent shift from net exporter to net importer of grains all combining

to create a likely rise in food prices over the coming years.

Two further factors are also coming to our notice.

Topsoil erosion is becoming a serious issue. Giant dust storms are now becoming quite a regular feature in Asia (in particular Seoul was covered yet again in a thick layer of China's topsoil a couple of weeks ago). Urbanisation is also not helping. To make enough bricks to build an average house, an acre of topsoil is disturbed. And whilst we have made many technological breakthroughs over the last century or so we still need 9 inches of topsoil to grow anything, and that takes 2000 years to develop.

It is interesting that soft commodity prices have not yet risen much, considering the move in hard commodities. Soft commodities need a lot of hard commodities to grow. Aside from farm machinery, the oil component of food is also very high, coming as it does in the form of pesticides, fertilisers, and energy for irrigation. And then there is transport. (Sainsbury's asparagus is grown in the UK, then flown to South Africa to be tied into bunches, before being flown back, I am enraged to discover!). Indeed the average US processed meal uses 10 times the energy to produce what it actually gives the person who eats it in food energy!

Soft commodities are priced very low as they have been subject to mass subsidies, suppressed farm cost inputs and end price controls around the world. If governments' capacity to sustain such policies erodes, future soft commodity price rises may take us by surprise. For example, at current levels, grain prices are at 200 year lows relative to oil. Finally, we have scoured the region for exposure to 'the farm' and found very few companies operating in this industry. This is usually a good (if frustrating!) sign for a new theme. There could be a long way to go.

We have built holdings in Timbercorp in Australia which manages investments in agribusiness projects from which it extracts management, performance & license fees. We expect Timbercorp's Return on Equity to rise to over 20% in FY09/08 and that is without any structural pricing change in the softs arena. We also hold the Australian Barley Board – whose business encompasses the entire grain logistical chain not just in Australia but overseas as well. It also sources & distributes 10% of the US's barley exports.

Taiwan

The news from Taiwan has been good, local sentiment has improved with the domestic bond market selling off sharply as investors switch into equities. As we were hoping, the political news vis a vis China has started to look and sound more conciliatory and the highly publicised KMT visit to the mainland set the tone for increased optimism on links between the two countries.

News that packaging and testing companies will be allowed to set up factories in China confirmed this whilst overall support for President Chen has waned to a new low. Amusingly, but perhaps with more serious consequences, the Taiwan President is currently suffering in the face of an embarrassing snub from the US, which made a political stand against his nationalistic policies by refusing to allow him to stop to refuel his plane en route to Paraguay! No doubt there may be a strong response and the market's ability to see through the short term politics will be tested.

Prusik

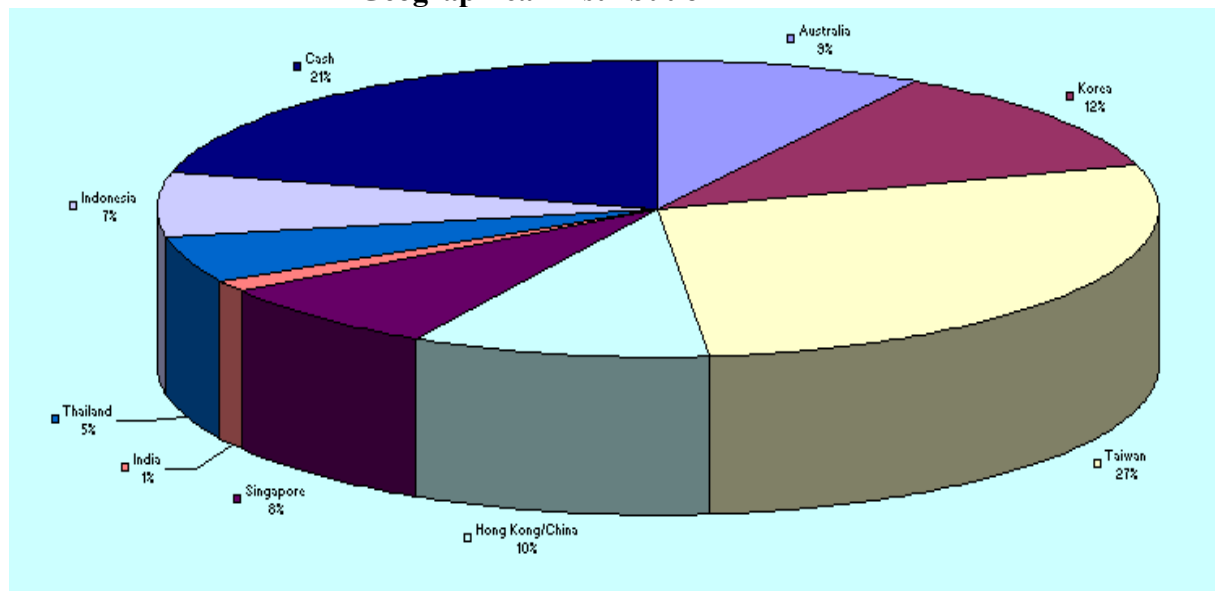
Heather is visiting 24 companies in Taiwan this week, 11 of which are existing holdings. This is Prusik's fourth trip to Taiwan since we launched the fund last October. Overall since October we have completed 126 conference calls or company interviews with Asian corporates in London. After Heather's trip to Taiwan, we will have conducted nearly 200 on site visits in Asia. That brings Prusik's total company interviews to 326 feedback from which we have fed into a substantial database of proprietary research which sits alongside the more detailed analytical models that we continue to update on our current holdings.

The blended PE on 07 earnings for the portfolio has now risen above 10x with ROE forecast at 19%. Portfolio earnings are forecast to grow at 24% in 2007.

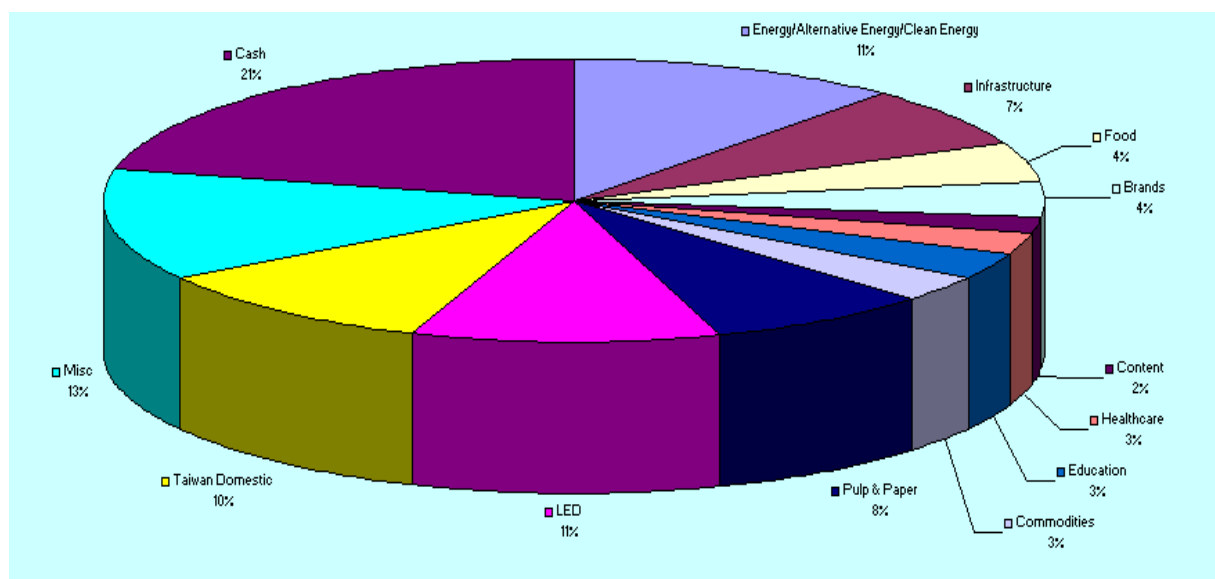
Top 5 Holdings	%
TAIWAN FERTILIZER CO LTD	3.5%
CHUNG HWA PULP	3.0%
BIO-TREAT TECHNOLOGY LTD	2.9%
SEOUL SEMICONDUCTOR CO LTD	2.6%
UNITED GROUP LTD	2.6%

Number of holdings 44
Percentage of Fund invested 79%

Geographical Distribution



Distribution by Theme



Key Terms

Denomination USD
Dealing Day Weekly (Friday)
Minimum Subscription USD100,000
Min Subsequent Subscription USD10,000
Subscription Notice Period 2 business days
Redemption Notice Period 2 business days

Key Parties to Fund

Investment Manager Prusik Investment Management LLP
Administrator Bisys Fund Services (Dublin)
Custodian Brown Brothers Harriman (Dublin)
Auditor Ernst & Young
Legal Advisors Dillon Eustace (Dublin)
Simmons & Simmons (London)

Dividends

Class A None
Class B Annual

Manager Fees

Management Fee 1.5% p.a. paid monthly in arrears.
Performance Fee 10% of NAV appreciation. With a 6% hurdle.

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