

ANNUAL REPORT 2009

# The Thai Prime Fund Limited

(Company registration number: 198803033G)



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## Corporate Data

As at 16 March 2010

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### Board of Directors

David Sydney Copperwaite (Chairman)  
John Reginald Le Prevost  
Er Kwong Wah

### Investment Adviser

MFC Asset Management Public Company Limited  
199 Column Tower Ground Floor and 21st -  
23rd Floors Ratchadaphisek Road  
Khlongtoey Bangkok 10110  
Thailand

### Audit Committee

Er Kwong Wah (Chairman)  
John Reginald Le Prevost  
David Sydney Copperwaite

### Administration Agent

Singapore Trust Company Pte. Ltd.  
4 Robinson Road #05-01  
Singapore 048543

### Company Secretary

Joanna Lim Lan Sim

### Auditors

KPMG LLP  
16 Raffles Quay  
Singapore 048581

### Registered Office

4 Robinson Road #05-01  
Singapore 048543

### Partner in charge

Yvonne Chiu  
(FY 2009)

### Registrars

M & C Services Private Limited  
138 Robinson Road  
#17-00 The Corporate Office  
Singapore 068906

### Financial Calendar

Announcement of full year results 2009	9 February 2010
Annual General Meeting	27 April 2010
Announcement of first quarter results 2010	May 2010
Announcement of second quarter results 2010	August 2010
Announcement of third quarter results 2010	November 2010
Announcement of full year results 2010	February 2011
Announcement of weekly NTAB*	Every Monday of the following week

\*NTAB: Net Tangible Asset Backing

## **Notice of Twenty-Second Annual General Meeting**

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NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting (“22nd AGM”) of the Thai Prime Fund Limited (the “Company”) will be held at 4 Robinson Road #05-01 Singapore 048543 on Tuesday, 27 April 2010 at 9.00 a.m. for the purpose of transacting the following businesses:-

### **ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2009 and the Directors’ and Auditors’ Reports thereon. **(Resolution 1)**
2. To re-elect Mr. John Reginald Le Prevost, a Director of the Company pursuant to Article 118 of the Company’s Articles of Association. **(Resolution 2)**

*Mr John Reginald Le Prevost will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

3. To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 3)**
4. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

David Sydney Copperwaite  
Chairman  
5 April 2010

### **Notes :-**

- (1) A Shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
- (2) The instrument appointing a proxy must be lodged at the registered office of the Company at 4 Robinson Road #05-01 Singapore 048543 not less than 48 hours before the time appointed for the Annual General Meeting.

## Chairman's Statement

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In 2009, Thailand's stock index faced both internal and external pressures, especially political concerns. However, the positive perception of economic recovery has pushed the index up from 449.96pts at the end of 2008 to 734.54pts at end of 2009 or up 63.24%, with average daily turnover of Bt 17.85 billion, compared to Bt 15.87 billion during the same period last year. Non Thai and proprietary investors were net buyers of Bt 38.23 billion and Bt 1.39 billion, respectively, whereas local institutions and retail investors were net sellers of Bt 2.30 billion and Bt 37.32 billion, respectively during the year.

In the first quarter, the global stock markets tumbled due to concerns over recession and the possibility of a great depression. Thai GDP hit a 10-year low at -7.1% year on year mostly dragged by private investment, government investment and private consumption. Commodity prices were under pressure, as partly shown in West Texas crude oil hitting a 4-year low at \$33 down \$45 per barrel. Domestically, the political situation raised more worries after a large group of Red-shirt protestors seized the government office.

Starting the second quarter with violence, the Red-shirts seized control of the ASEAN summit meeting area in Pattaya, which forced Prime Minister Abhisit to declare an emergency decree in the Pattaya area and postpone the meeting. This was soon followed by riots in the Bangkok area during the Song-kran festival. Fortunately, the situation was back to normal before the market opened after the holidays. The perceived political instability had caused the FITCH rating agency to cut Thailand's credit rating to "BBB" from "BBB+" (Foreign currency) and from "A-" to "A" (Local currency). However, global equities and the SET index continued their bullish trend following expectations that global GDP would likely turn positive quarter on quarter and after US banks' stress test results came out better than expected. The continued rally in the third quarter was supported by hopes of strong economic recovery even though the US unemployment rate hit 26-year high at 9.5%, announced in early July, and the weakening US dollar. Market sentiment kept its positive trend after the IMF forecasted the global economy will gradually rebound in the 2010 with more solid financial stability.

In the last quarter, the Central Administrative court imposed an injunction order on 76 projects in Map Ta Phut industrial estate following NGO's complaints over legitimacy of licenses issued by the authorities. This factor and disappointing results from US banks caused weakness of the Thai stock market during the earlier part of this quarter. Moreover, former Prime Minister Thaksin was appointed as a Cambodia economic advisor. The appointment stirred up political tension once again, causing the Thai market to under perform the region. Dubai World shocked markets in early December by announcing a stand-still on its debts. Concerns over possible escalation into another financial crisis were later cooled off by funding rescue offered by the Abu Dhabi government. The SET index performed well in the second half of December as local institutions witnessed fund flows to buy tax-incentive equity funds, which helped push the SET index to close at 734.54pts at the end of 2009, or a total return of 63.2% year on year.

In 2009, sectors outperforming the market included Agribusiness (175.11%), Construction Materials (111.78%), Petrochem (107.44%), Bank (105.50%), Property (93.68%), Transportation (87.18%), and Electronics (71.20%). Meanwhile, Energy (48.11%), Entertainment (27.54%) and Communication (21.34%) underperformed the overall stock market.

For the year 2009, the Fund's net asset value per unit increased by 75.66% in Baht terms and outperformed the SET Index by 12.42%. The underweight position in the energy and communication sectors contributed positively to the fund performance.

The Company has made a profit of US\$0.1 million (2008: Loss of US\$0.8 million) in the fourth quarter and US\$1.9 million (2008: Loss of US\$2.4 million) for the year. This was mainly contributed by the significant increase in the Fund's net asset value per unit of 75.66% in Baht terms and 83.99% in USD terms for the year 2009.

Taking into consideration of the profit for the year and redemption of units in the fund, the Company's net assets have been increased by 56.74% from US\$2.8 million on 31 December 2008 to US\$4.4 million on 31 December 2009. The net asset value per preferred share ("NAV") of the Company stood at US\$7.68 as at 31 December 2009, reflecting a 67.69% increase from 31 December 2008.

Thai Economic activities are expected to have positive growth in the year 2010 after the slowdown in 2009, owing to the recovery of global economy and implementation of the Government stimulus package from the fiscal budget for the years 2010 - 2012, which emphasise infrastructure spending. Accommodative monetary policy will also continue to stimulate the economy. Furthermore, improvement in global manufacturing activities will benefit export oriented manufacturing in Thailand, especially production of electronics and electrical appliances.

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As seen from the recent signs of recovery in the global economy, full recovery is expected to take time, especially as many countries have evoked trade protectionism policies that will depress international trade. Even though headline inflation turned positive in consecutive months, we foresee policy makers would like to see sustainable recovery before hiking the interest rate. The National Economic and Social Development Board (NESDB) 2010 GDP forecast foresees growth in the range of 3.0 - 4.0% (year on year). Similarly, the Bank of Thailand expects the economy to contract by 3.3 - 5.30% (year on year) in 2010.

As I stated in my statement for 2008, under the Articles of Association of the Company and local regulations, the redemption of shares in the Company, which involve the issue of a Nominal Share, may only continue if the cost of the Nominal Share (USD 1 cent) can be funded out of profits of the Company.

Due to the revaluation of the Company's assets in January 2010 the Company moved into a trading loss on its Statement of Comprehensive Income. Although this is only a paper loss, as the Company has net assets in excess of USD7 per share, the redemption programme had to be suspended. In order to resume the redemption programme, a draft circular had been submitted to the Singapore Stock Exchange (SGX) for approval. Once approved, it will be sent to all members convening an Extraordinary General Meeting (EGM) to change the Articles of Association to allow redemption of Nominal Shares out of capital. The resolution to amend the Articles at that EGM, if passed by the requisite majority at the meeting, will permit the redemption programme to be reinstated.

Your Board continue to strive to reduce operating costs and enhance shareholder value. In this regard, the circular convening the EGM to which I referred earlier will also contain a resolution to delist the Company's shares from the SGX. If passed, the result of the delisting will be to significantly reduce operational matters with significant cost savings to the Company.

Yours sincerely,

David Sydney Copperwaite  
Chairman  
16 March 2010

# Report On Corporate Governance

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The Board of Directors of the Company fully subscribes to the principles and recommendations in the Code of Corporate Governance (the “Code”) where it is applicable and practical to the Company and strives to adopt the substance behind the corporate governance prescriptions.

The Board of Directors has reviewed the manner in which the Code is applied to the Company as set out below. The Board is pleased to report compliance of the Company with the Code except where otherwise stated.

## 1. DIRECTORS

### Principal duties

The Board assumes stewardship and control of the Company’s resources and takes full responsibility for corporate governance and the performance of the Company by setting the vision and objectives and by directing the policies and strategies. The Board also approves all the Company’s major decisions, investment and divestments proposals, funding and reviews the financial performance of the Management.

### Appointment to the Board

The Company does not have a nomination committee. All new appointments received will be assessed and approved by the Board in line with its policy of ensuring nominated persons of sufficient calibre and experience. The Articles of Association of the Company provide for directors to convene meetings by means of telephone conferencing or similar communication equipment. Directors have access to the advices and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations, are followed.

### Remuneration

The Company does not have a remuneration committee.

A breakdown of each individual director’s remuneration paid for financial year 2009 is as follows:

Name	GBP
David Sydney Copperwaite	27,000
John Reginald Le Prevost	22,000
Er Kwong Wah	22,000

There are no employees in the Company.

### Composition of the Board

The Company does not have a separate chairman and CEO as the current scale of its business does not warrant such a division. Among his other duties, the Chairman’s role is to schedule and chair the Board meetings, to prepare the agenda, to control the quality, quantity and timeliness of the flow of information to the Board. In carrying out his duties and responsibility for the Company’s operations and business, the Chairman is assisted by the directors.

During the financial year reported on, the Board consisted of three (3) directors, all of whom are independent of the Investment Adviser.

Due to the current scale of the Company’s business, it is not practical or cost effective to have more than three members in the Board. Nevertheless, despite a relatively small board, it provides an effective blend of business and professional expertise relevant to the Company’s business. Similarly, it is not practical for the Board to set up any other committee apart from the Audit Committee. As all the members of the Board are independent of the Investment Adviser, the Board is of the opinion that it has sufficient independence and objectivity in among other things, setting pay and ensuring that the appointment and re-election of directors is formal and transparent.

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The Board reviews the independence of each director on an annual basis and adopts the Code's definition of what constitutes an independent director. The Board is satisfied that no individual or small group of individuals dominate the Board's decision making process.

During the financial year ended 31 December 2009, the Board had held two (2) Board meetings. The attendance record of each director during the last financial year end is as follows:

Directors	Company's Board	
	Number of Meetings Held	Number of Meetings Attended
David Sydney Copperwaite	2	2
John Reginald Le Prevost	2	2
Er Kwong Wah	2	2

Other than the above, the directors also convened additional informal meetings as well as telephone discussions and emails correspondences during the financial year to discuss issues as and when required. In lieu of physical meetings, written resolutions were also circulated for approval by members of the Board and Audit Committee.

### **Accountability**

The Board recognises that it is accountable to the shareholders and aim to provide the shareholders with balanced and understandable assessment of the Company's performance, position and prospects.

The administrator also presents to the board the half year and full year financial statements and the Audit Committee reports to the Board on the results for review and approval. The Board approved the results after review and authorised the release of the results to the SGX-ST and the public via SGXNet.

## **2. ACCESS TO INFORMATION**

The administrator provides members of the Board with management financial statements and reports in a timely manner to ensure that the Board is able to fulfill its responsibilities. Board reports are circulated to members prior to meetings and the reports provide financial and corporate issues information, significant issues, performance of the Company and management proposals which require the approval of the Board.

The directors have separate and independent access to the Company Secretary. The Company Secretary will be requested to attend the Board meetings as and when necessary to attend to matters of special note or importance.

Where the members of the Board, whether individually or as a group, need independent professional advice, the Company will appoint a professional advisor to render such advice. The costs associated with such professional services will be borne by the Company.

## **3. AUDIT COMMITTEE**

The Audit Committee comprises the following members who are considered by the Board appropriate and qualified to discharge their duties and responsibilities:

- Er Kwong Wah  
(Chairman, Independent and Non-Executive Director)
- David Sydney Copperwaite  
(Independent and Non-Executive Director)
- John Reginald Le Prevost  
(Independent and Non-Executive Director)

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The Board is of the view that the members of the Audit Committee have the requisite accounting and financial management expertise to carry out their duties.

The Audit Committee's Term of Reference is in line with the principles and guidelines set out by SGX-ST. The main functions of the Audit Committee include the following:-

1. review the annual and interim financial statements of the Company before submission to the Board for adoption;
2. review with the external auditors the audit plan and scope of examination and its cost effectiveness;
3. review the independence and objectivity of the external auditors at least once a year;
4. review with the external auditors their evaluation of the system of internal accounting controls;
5. review the assistance given by the Company's officers to the external auditors;
6. review of interested person transactions; and
7. recommend a person or persons to be nominated for appointment or re-appointment as auditors.

The minutes of the Audit Committee meetings are submitted to the Board for its review and actions. The Audit Committee has also conducted regular reviews of the volume, nature and extent of non-audit services supplied by the auditors to the Company in order to balance the maintenance of objectivity and value for money.

As part of the yearly statutory audit on the financial statements, the external auditors also report to the Audit Committee and to the appropriate level of management any material weaknesses in the Company's system of internal controls and provide recommendation on other significant matters which have come to their attention during the course of the audit.

#### **4. COMMUNICATION WITH SHAREHOLDERS**

The Company's policy is that all price sensitive information be released to all parties such as shareholders, stakeholders and the public simultaneously to ensure a level playing field. Information are first disseminated through SGX-ST and followed by a news release. Quarterly and full year results and Annual Reports are announced and issued within the required period.

The Company maintains open communication with investors and shareholders and attends to their queries directly, whether written or verbal. The Company also made announcements from time to time to update investors and shareholders on developments that are of interest or note.

The Company strongly encourages the shareholders to attend general meetings of the Company where shareholders are given the opportunity to communicate their views and direct their questions to the Directors relating to business affairs of the Company.

The annual report and notice of general meeting are sent to all members of the Company who are entitled to receive them. The notice of general meeting is also advertised in the newspaper.

#### **5. INTERESTED PERSONS TRANSACTIONS POLICY**

During the financial year ended 31 December 2009, there were no interested persons transactions.

The Company has adhered to the rules and recommended guidelines in respect of transactions with interested parties.

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## **6. DEALINGS IN SECURITIES**

The Company has a control system in monitoring the dealing in securities of the Company, in particular, the identification of the parties subject to the system, the notification to the affected parties and the reporting of securities dealings by the affected parties. Every related parties of the Company, is required to notify the Company and the Company Secretary, within twenty-four (24) hours, all relevant information pertaining to the dealings in the Company's securities, including the date of transaction, the amount of securities acquired or disposed of and the consideration involved. The related parties of the Company will be reminded, at the beginning of each year, the window period for dealings in securities so that no dealing is undertaken at a time when they are not permitted to deal. The Company Secretary or a Director will, at each board meeting, table a summary of the related parties dealings notified to the Company since the previous board meeting.

## **7. RISK MANAGEMENT**

As the Company does not have risk management committee, the Audit Committee and the Board assume the responsibility of the risk management function. The Board reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Board reviews all significant policies and procedures and highlights all significant matters to the Board and the Audit Committee.

## **8. MATERIAL CONTRACTS**

No material contracts to which the Company is a party and which involve the directors and controlling shareholders' interest subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

16 March 2010

## Directors' Report

Year ended 31 December 2009

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We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

### Directors

The directors in office at the date of this report are as follows:

David Sydney Copperwaite  
Er Kwong Wah  
John Reginald Le Prevost

### Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, warrants and share options in the Company and in related corporations are as follows:

<b>Name of director and corporation in which interests are held</b>	<b>Holdings at beginning of the year</b>	<b>Holdings at end of the year</b>
<b>John Reginald Le Prevost</b> The Thai Prime Fund Limited - redeemable preference shares (par value of US\$0.01 each)	6,200	8,141
<b>David Sydney Copperwaite</b> The Thai Prime Fund Limited - redeemable preference shares (par value of US\$0.01 each)	12,400	18,400

There were no changes in any of the above mentioned in the interests of the Company between the end of the financial year and 21 January 2010 (a date being 21 days after the end of the financial year).

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, warrants or share options of the Company or of related corporations either at the beginning or at the end of the financial year.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in the accompanying financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

### Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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As at the end of the financial year, there were no unissued shares of the Company under option.

### **Audit committee**

The members of the Audit Committee during the year and at the date of this report are:

- Mr Er Kwong Wah (Chairman)
- Mr John Reginald Le Prevost
- Mr David Sydney Copperwaite

The Audit Committee performs the functions specified in section 201B of the Companies Act, the Listing Manual and the Code of Corporate Governance.

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The financial statements of the Company were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary seek approval for interested person transactions, and with the assistance of the management, reviewed interested person transactions. The Audit Committee is of the opinion that the internal procedures, in relation to the interested person transactions, have been complied with.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

### **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

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**David Sydney Copperwaite**

*Director*

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**Er Kwong Wah**

*Director*

2 March 2010

## **Statement by Directors**

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In our opinion:

- (a) the financial statements set out on pages 14 to 26 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and the results, changes in net assets attributable to holders of redeemable preferred shares and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

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**David Sydney Copperwaite**  
*Director*

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**Er Kwong Wah**  
*Director*

2 March 2010

# Independent Auditors' Report

Year ended 31 December 2009

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Members of the Company  
The Thai Prime Fund Limited

We have audited the financial statements of The Thai Prime Fund Limited (the Company), which comprise the balance sheet as at 31 December 2009, the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable preferred shares and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 26.

## *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

## *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and the results, changes in net assets attributable to holders of redeemable preferred shares and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**  
*Public Accountants and Certified Public Accountants*

**Singapore**  
2 March 2010

## Balance Sheet

As at 31 December 2009

	Note	2009 US\$	2008 US\$
<b>Non-current asset</b>			
Investment in The Thai Prime Fund	3	4,337,739	2,684,492
<b>Current assets</b>			
Other receivable		112,665	174,067
Cash and cash equivalents	4	247,671	172,588
		360,336	346,655
<b>Total assets</b>		4,698,075	3,031,147
<b>Current liabilities</b>			
Accrued expenses and other payables		319,068	237,397
<b>Total liabilities (excluding net assets attributable to holders of redeemable preferred shares)</b>		319,068	237,397
<b>Net assets attributable to holders of redeemable preferred shares</b>			
Represented by:			
Preference share capital			
Redeemable preferred shares	6	5,704	6,103
Share premium		42,710,423	43,003,661
Capital redemption reserve		149,296	148,897
		42,865,423	43,158,661
Accumulated losses		(38,486,516)	(40,365,011)
		4,378,907	2,793,650
<b>Share capital</b>	5	100	100
<b>Total liabilities and equity</b>		4,698,075	3,031,147
<b>Net asset value per preferred share</b>	8	7.68	4.58

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

## Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 US\$	2008 US\$
Investment income	9	3,186	14,951
Realised gain/(loss) on redemption of units in The Thai Prime Fund		188,991	(146,026)
Net gain/(loss) arising from revaluation of The Thai Prime Fund		1,978,565	(1,917,606)
<b>Total revenue</b>		2,170,742	(2,048,681)
Less:			
<b>Expenses</b>			
Directors' remuneration		113,643	129,689
Other operating expenses		175,793	193,203
Office expense		2,412	3,134
		291,848	326,026
<b>Profit/(Loss) before income tax</b>	10	1,878,894	(2,374,707)
Income tax expense	11	-	-
<b>Profit/(Loss) for the year attributable to holders of redeemable preferred shares</b>		1,878,894	(2,374,707)
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income for the year</b>		1,878,894	(2,374,707)
<b>Attributable to:</b>			
Holders of redeemable preferred shares		1,878,894	(2,374,707)
<b>Earnings per preferred share</b>	12		
- basic		3.10	(3.81)
- diluted		3.10	(3.81)

*No separate statement of changes in equity has been prepared as share capital would be the only component of this statement.*

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Preferred Shares

Year ended 31 December 2009

Preference share capital

	Redeemable preferred shares US\$	Share premium US\$	Capital redemption reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2008	6,635	43,458,845	148,365	(37,989,772)	5,624,073
<b>Total comprehensive income for the year</b>					
Profit attributable to holders of redeemable preferred shares	-	-	-	(2,374,707)	(2,374,707)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(2,374,707)	(2,374,707)
<b>Transactions with preference shareholders, recorded directly in charges in net assets attributable to holders of redeemable preferred shares</b>					
Redemption of redeemable preferred shares (Note 7)	(532)	(455,184)	532	(532)	(455,716)
Total transactions with preference shareholders	(532)	(455,184)	532	(532)	(455,716)
At 31 December 2008	6,103	43,003,661	148,897	(40,365,011)	2,793,650
At 1 January 2009	6,103	43,003,661	148,897	(40,365,011)	2,793,650
<b>Total comprehensive income for the year</b>					
Profit attributable to holders of redeemable preferred shares	-	-	-	1,878,894	1,878,894
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,878,894	1,878,894
<b>Transactions with preference shareholders, recorded directly in charges in net assets attributable to holders of redeemable preferred shares</b>					
Redemption of redeemable preferred shares (Note 7)	(418)	(306,418)	418	(418)	(306,836)
Restoration of redeemable preferred shares (Note 7)	19	13,180	(19)	19	13,199
Total transactions with preference shareholders	(399)	(293,238)	399	(399)	(293,637)
At 31 December 2009	5,704	42,710,423	149,296	(38,486,516)	4,378,907

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

## Cash Flow Statement

Year ended 31 December 2009

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
Profit attributable to holders of redeemable preferred shares	1,878,894	(2,374,707)
Adjustments for:		
Realised (gain)/loss on redemption of units in The Thai Prime Fund	(188,991)	146,026
Net (gain)/loss arising from revaluation of The Thai Prime Fund	(1,978,565)	1,917,606
Unclaimed dividends written back	(2,984)	(11,856)
Interest income	(202)	(3,095)
	<u>(291,848)</u>	<u>(326,026)</u>
Changes in other receivable	61,402	(174,067)
Changes in accrued expenses and other payables	84,655	(1,029)
Cash used in operations	(145,791)	(501,122)
Interest received	202	3,095
<b>Net cash used in operating activities</b>	<u>(145,589)</u>	<u>(498,027)</u>
<b>Cash flow from investing activities</b>		
Redemption of units in The Thai Prime Fund	514,309	922,781
<b>Net cash from investing activities</b>	<u>514,309</u>	<u>922,781</u>
<b>Cash flow from financing activities</b>		
Redemption of redeemable preferred shares	(306,836)	(455,716)
Restoration of redeemable preferred shares	13,199	-
<b>Net cash used in financing activities</b>	<u>(293,637)</u>	<u>(455,716)</u>
<b>Net increase/decrease in cash and cash equivalents</b>	75,083	(30,962)
Cash and cash equivalents at 1 January	172,588	203,550
<b>Cash and cash equivalents at 31 December</b>	<u>247,671</u>	<u>172,588</u>

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

# Notes to the Financial Statements

As at 31 December 2009

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 2 March 2010.

## 1 Domicile and activities

The Thai Prime Fund Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 4 Robinson Road, #05-01, Singapore 048543.

The principal activity of the Company relates to the holding of investments in Thai securities for long term capital appreciation through The Thai Prime Fund (the Fund) of which the Company is the sole unitholder.

The Company entered into an Administration Agreement dated 11 April 2008 with Singapore Trust Company Pte. Ltd. (formerly Rathbone Trust (Singapore) Pte. Limited), appointing Singapore Trust Company as the fund administrator and accountant of the Company. The agreement with Singapore Trust Company is terminable by either party giving six months' prior notice in writing to the other party.

The Company has also entered into an Investment Contract with MFC Asset Management Public Company Limited (MFC), a company incorporated in Thailand, appointing MFC as fund manager for the acquisition, holding and disposal of the assets of the Fund at the sole discretion of the fund manager and in accordance with the general guidelines and general supervision of the Board of Directors. The agreement with the fund manager is for the duration of the Fund which matures in 2013 or earlier, if it is terminated by the Company, subject to the approval of the Bank of Thailand and any other relevant regulatory authority, in the event of breach of certain conditions or on the insolvency of the fund manager. The fund manager is entitled to an annual fee based on the value of the weekly net assets of The Thai Prime Fund.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value. The financial statements are presented in United States (US) dollars which is the Company's functional currency.

The investments of the Fund are managed by a fund manager. The Company does not have discretion in the management of the investments in the Fund, nor in the appointment or removal of the fund manager. Accordingly, the Company does not consider the individual investments of the Fund to be the Company's investments, nor the investment results of the Fund to be its own realised income.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### ***Changes in accounting policy***

#### *Overview*

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Company has changed its accounting policy in the following area:

- 
- Presentation of financial statements
  - Amendment to FRS 107

#### *Presentation of financial statements*

The Company applies revised FRS 1 *Presentation of Financial Statements (2008)*, which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

#### *Amendment to FRS 107*

The Company has applied *Improving Disclosures about Financial Instruments (Amendments to FRS 107)*, that require enhanced disclosures about fair value measurements of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments.

Revised disclosures in respect of liquidity risk are included in note 14.

Comparative information has been re-presented so that it also is in conformity with revised standard.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained above, which addresses changes in accounting policies.

## *2.2 Functional currency*

The functional currency of the Company is the United States (US) dollars. As the settlement currency of the Company's revenue and expenses are denominated primarily in US dollars and receipts from operations are usually retained in US dollars, the directors are of the opinion that the US dollar reflects the economic substance of the underlying events and circumstances relevant to the Company.

## *2.3 Foreign currency translation*

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

## *2.4 Investment in The Thai Prime Fund*

Investment in the Thai Prime Fund is classified as fair value through profit or loss and is stated at fair value with any resultant gain or loss being recognised directly in the income statement.

The fair value of the investment in the units of the Fund is based on the underlying net asset value of the Fund as reported by the Manager of the Fund as at the balance sheet date. The net asset value of the Fund comprises the cost of the units in the Fund, net unrealised appreciation or depreciation of the investment portfolio of the Fund arising from fair valuation and the undistributed investment income of the Fund.

## *2.5 Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and fixed deposits and are carried at amortised cost.

## *2.6 Accrued expenses and other payables*

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Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

## 2.7 *Recognition and derecognition*

The Company recognises financial assets or liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument. Regular way purchase or sale of financial assets/liabilities are recognised/derecognised using trade date accounting.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expired.

## 2.8 *Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

## 2.9 *Income tax expense*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 2.10 Redeemable preferred shares

The redeemable preferred shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Company's net assets at the redemption date. Such instruments give rise to a financial liability for the present value of the redemption amount. In accordance with the redemption plan approved by the preferred shareholders, the Company is obliged to redeem shares at net asset value of the Company at the date of redemption.

## 2.11 Income recognition

Dividend income is recognised on the date it is declared and payable by the Fund. Interest income is recognised on the accrual basis.

## 3 Investment in The Thai Prime Fund

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
Holding of 0.43 million (2008: 0.49 million) units in the Fund		
Net asset value at 1 January	2,684,492	5,670,905
Redemption of units	(514,309)	(922,781)
Surplus/(Deficit) arising from:		
- realised gain/(loss) on redemption of units in the Fund	188,991	(146,026)
- net gain/(loss) arising from the revaluation of the Fund	1,978,565	(1,917,606)
Net asset value as at 31 December	<u>4,337,739</u>	<u>2,684,492</u>

The underlying investments in the Fund consist of the following:

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
Investment securities at fair value, based on quoted prices	4,184,000	2,239,788
Cash	260,124	630,494
Other assets	21,981	1,960
Other liabilities	(128,366)	(187,750)
Net assets value of the Fund at 31 December	<u>4,337,739</u>	<u>2,684,492</u>

The Fund was established on 28 September 1988 under the laws of Thailand and has a 25-year life. The objective of the Fund is to achieve long term capital appreciation of assets through investment in Thai securities. The Fund is accorded the status of a Thai national and is not subject to the foreign shareholding limit or Thai income tax. Distributions from the Fund are, however, subject to approvals under the Thai Exchange Control Act (1942) as amended.

On 16 January 2002, in-principle approval was obtained from the Securities and Exchange Commission of Thailand ("SEC") for the proposed change in status of the Fund from closed-end to open-end. An application was made by the Company's Fund Manager to the SEC on 30 June 2003 with respect to the change of the status of the Fund from a closed-end fund to an open-end fund and approval for the change in status of the Fund was granted on 20 November 2003 and became effective on the registration date (24 March 2004).

#### 4 Cash and cash equivalents

	2009 US\$	2008 US\$
Cash at bank	47,500	72,070
Fixed deposit	200,171	100,518
	<u>247,671</u>	<u>172,588</u>

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the balance sheet date for the Company is 0.05% (2008: 0.105%). Interest rate reprices monthly.

#### 5 Share capital

	2009 No. of shares	2008 No. of shares
<b>Fully paid common shares of US\$1.00 each:</b>		
At 1 January and 31 December	<u>100</u>	<u>100</u>

The holders of common shares are entitled to one vote in respect of each common share but not entitled to receive dividends. In addition, they do not have any interest in the Company's residual assets.

#### *Capital management*

The Company does not have any externally imposed capital requirements. The Board of Director regularly reviews the Company's capital structure with a view for the Company to pay its debts as and when they fall due as well as to meet its obligations to the redeemable preferred shareholders.

There were no changes in the Company's approach to capital management during the year.

#### 6 Redeemable preferred shares

	2009		2008	
	No. of shares	US\$	No. of shares	US\$
Authorised:				
Unclassified shares of US\$0.01 each	<u>29,990,000</u>	<u>299,900</u>	<u>29,990,000</u>	<u>299,900</u>
Issued and fully paid:				
Participating redeemable preferred shares	<u>570,428</u>	<u>5,704</u>	<u>610,255</u>	<u>6,103</u>

The unclassified shares may be issued as redeemable nominal shares or participating redeemable preferred shares.

The principal rights attached to the two classes of shares in the capital of the Company are as follows:

#### *Participating redeemable preferred shares*

These shares carry one vote per holder present in person or by a proxy or by a duly authorised representative on a show of hands. On a poll, every holder present shall have one vote for every preferred share held. Preferred shares carry rights to dividends including interim dividends declared by the directors. On 26 April 2004, a redemption plan for the preferred shares was approved by the preferred shareholders. Under this plan, 20% of the preferred shares were redeemed on 31 May 2004 with a further 30% of the preferred shares redeemed on 25 April 2005. The redemption of the remaining shares commenced on 24 April 2006. On liquidation, all preferred shares not previously redeemed will be redeemed on the day falling 30 business days from the date of completion of the liquidation of the Fund. Preferred shares carry a right to a return of the nominal amounts paid up in priority to those paid up on common and redeemable nominal shares. Only preferred shares carry the right to share in the surplus of assets remaining after the return of nominal amounts paid up on common and redeemable nominal shares.

### ***Redeemable nominal shares***

These shares may only be issued at par and for the purpose of providing funds for the redemption of the nominal value of preferred shares. Nominal shares carry one vote for every holder present regardless of the number of shares held either on show of hands or on a poll. They do not carry any right to dividends. In liquidation they rank after preferred shares but before common shares for the return of the nominal amounts paid up on them pari passu out of the assets of the Company. Subject to the requirements of the Singapore Companies Act, Chapter 50, the Company may redeem at par all or any of the nominal shares in issue with at least one month's written notice. All nominal shares not previously redeemed will be redeemed on the final redemption day, on completion of the liquidation of the Fund.

### **7 Redemption of redeemable preferred shares**

During the financial year, the Company redeemed 41,768 (2008: 53,241) preferred shares of par value US\$0.01 each at a premium of approximately US\$7.34 (2008: US\$8.55) each. The Company also restored 1,941 preferred shares of US\$0.01 each at a premium of approximately US\$6.80. These shares were acquired by a director of the Company.

### **8 Net asset value per preferred share**

The net asset value per preferred share in the Company's balance sheet is calculated based on the net assets attributable to holders of redeemable preferred shares of US\$4,378,907 (2008: US\$2,793,650) and the number of preferred shares in issue of 0.57 million (2008: 0.61 million).

### **9 Investment income**

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
Interest income on fixed deposits	202	3,095
Others	2,984	11,856
	<u>3,186</u>	<u>14,951</u>

### **10 Profit/(loss) before income tax**

The following items have been included in arriving at profit/(loss) before income tax:

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
Directors' remuneration	113,643	129,689
Professional fees	67,716	52,298
Administration agent fees	54,989	52,671
	<u>54,989</u>	<u>52,671</u>

### **11 Income tax expense**

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
<b>Reconciliation of effective tax rate</b>		
Profit/(loss) before income tax	<u>1,878,894</u>	<u>(2,374,707)</u>
Income tax using Singapore tax rate of 17% (2008:18%)	319,412	(427,447)
Tax benefit not recognised	-	427,447
Tax concession	(319,412)	-
	<u>-</u>	<u>-</u>

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The profits of the Company, arising from approved assets invested in funds managed by an approved fund manager, are not subject to Singapore income tax as the Company has been granted a tax concession under the Tax Exemption Scheme for Fund Management. Accordingly, tax benefits arising from the losses have not been recognised in the financial statements.

The Company has been granted this concession if it satisfies the following criteria:

- (i) the Company is a non-resident of Singapore for tax purposes; and
- (ii) the Company has not utilised any tax benefits under the Singapore-Thailand Double Taxation Agreement.

## **12 Earnings per preferred share**

Common shares do not carry any right to dividends and hence earnings per share is computed only on the redeemable preferred shares.

The earnings per preferred share in the Company's income statement is calculated on the changes in net assets attributable to holders of redeemable preferred shares of US\$1,878,894 (2008: US\$(2,374,707)) and the weighted average number of preferred shares during the year of 0.60 million (2008: 0.62 million).

## **13 Segment reporting**

The presentation of segment information in respect of the Company's business and geographical segments is not considered necessary, as the Company's principal activity relates solely to the holding of Thai securities through The Thai Prime Fund.

## **14 Financial instruments**

### ***Financial risk management objectives and policies***

Exposure to credit and currency risk arises in the normal course of the Company's business. The Company does not speculate in the currency markets nor enter into speculative treasury transactions.

The Company does not have any derivative financial instruments. The existing primary financial instruments of the Company meet the definition of financial assets and liabilities.

### ***Credit risk***

The Company's investment in The Thai Prime Fund exposes it to the risks associated with the economic conditions in Thailand and the Asia Pacific region in general.

Other than the above, at balance sheet date, there were no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

### ***Liquidity risk***

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected annual expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### ***Foreign currency risk***

The Company incurs foreign currency risk on its cash and cash equivalents and investments that are denominated in currencies other than US dollars. The currency giving rise to this risk is primarily Thai Baht.

The Company does not hedge its financial assets denominated in foreign currencies.

### ***Fair values***

The carrying value of the investment in the Fund is estimated to be at its fair value. The fair value of this investment is estimated using the net asset value of the Fund, which is represented mostly by quoted securities stated at their market bid prices at the balance sheet date.

The carrying value of other financial assets and liabilities approximate their fair values as these are short term in nature.

### ***Sensitivity analysis-equity price risk***

A 10% increase in the equity prices of the underlying investments in the Fund at the reporting date would increase income for the year by US\$418,400 (2008: US\$223,978).

This would increase the net asset value per preferred share by US\$0.69 (2008:US\$0.37)

This analysis assumes that all other variables remain constant.

A 10% decrease in the underlying investments in the Fund would have had the equal but opposite effect on the income for the year and net asset value per preferred share.

### ***Fair value hierarchy***

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1:* quoted price(unadjusted) in active markets for identical assets or liabilities
- Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 2</b> <b>US\$</b>
<b>31 December 2009</b>	
Investment in The Thai Prime Fund	4,337,739
	<u><u>                    </u></u>
<b>31 December 2008</b>	
Investment in The Thai Prime Fund	2,684,492
	<u><u>                    </u></u>

The underlying investments in The Thai Prime Fund are valued based on quoted prices (unadjusted) (refer note 3).

## **15 Directors' remuneration**

	<b>2009</b>	<b>2008</b>
Number of directors in remuneration band:		
Below US\$250,000	3	3
	<u><u>                    </u></u>	<u><u>                    </u></u>

All the director as at 31 December 2009 and 31 December 2008 have remuneration of less than US\$250,000 per annum.

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**16 New accounting standards and interpretations not yet adopted**

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these will have a material effect on the financial statements of the Company.

# Investment Manager's Report

For the period January 1 - December 31, 2009

## 1. CURRENT INVESTMENTS

Total net asset value (Bt m)	144.93	Net asset value/unit (Bt)	334.66
(US\$ m)	4.35	(US\$)	10.04
Equity position (%)	96.26		

### 1.1 EQUITY INVESTMENTS

INDUSTRY	NO. OF STOCKS		% SECTOR WEIGHTING at market price		
	Fund	SET	Fund	Equity	SET
1. Agribusiness	1	19	2.70	2.80	2.17
2. Automotive	0	20	0.00	0.00	0.56
3. Banking	5	12	25.60	26.60	20.43
4. Commerce	1	14	2.62	2.72	3.96
5. Construction Materials	2	32	6.20	6.44	7.23
6. Electronics Components	2	10	2.24	2.33	1.15
7. Energy & Utilities	7	25	31.29	32.51	31.28
8. Fashion	0	24	0.00	0.00	0.90
9. Finance & Securities	1	33	0.99	1.03	1.03
10. Food & Beverages	3	24	4.75	4.93	2.76
11. Health Care Services	0	13	0.00	0.00	1.41
12. Home & Office Products	0	11	0.00	0.00	0.22
13. Industrial Materials & Machinery	0	22	0.00	0.00	1.04
14. Information & Communication Technology	1	27	4.43	4.60	8.62
15. Insurance	0	16	0.00	0.00	1.36
16. Media and Publishing	0	27	0.00	0.00	1.76
17. Mining	0	2	0.00	0.00	0.09
18. Packaging	0	13	0.00	0.00	0.27
19. Paper & Printing Materials	0	2	0.00	0.00	0.07
20. Personal Products & Pharmaceuticals	0	6	0.00	0.00	0.13
21. Petrochemicals & Chemicals	1	12	0.27	0.28	2.85
22. Professional Services	0	3	0.00	0.00	0.02
23. Property Development	5	77	11.46	11.91	7.21
24. Tourism and Leisure	0	14	0.00	0.00	0.71
25. Transportation & Logistics	2	15	3.71	3.85	2.77
26. Others*	0	0	0.00	0.00	0.00
	<b>31</b>	<b>473</b>	<b>96.26</b>	<b>100.00</b>	<b>100.00</b>

Note: \* Stocks not classified under sectors listed above.

- Throughout Parts 1 - 3 of this report, Thai baht was translated to US dollars at rates of Baht 33.320 and Baht 34.898 per US dollar for December 31, 2009 and December 31, 2008, respectively.
- Warrants, covered warrants and preferred shares are included in relevant sectors.

The ten largest stock holdings were:-

COMPANY	% SECTOR WEIGHTING			
	Code	Fund	Equity	SET
1. PTT PLC.	PTT	10.05	10.44	11.95
2. Banpu PLC.	BANPU	8.19	8.51	2.68
3. PTT Exploration and Production PLC.	PTTEP	7.41	7.70	8.35
4. Bangkok Bank PLC.	BBL	6.43	6.68	3.80
5. Siam Commercial Bank PLC.	SCB	6.08	6.32	5.04
6. KasikornBank PLC.	KBANK	6.07	6.31	3.49
7. The Siam Cement PLC.	SCC	5.27	5.47	4.83
8. Advance Info Service PLC.	ADVANC	4.43	4.60	4.40
9. Supalai PLC.	SPALI	3.71	3.85	0.18
10. Bank Of Ayudhya PLC.	BAY	3.54	3.68	2.34
<b>Total</b>		<b>61.18</b>	<b>63.56</b>	<b>47.06</b>

## 1.2 CASH INVESTMENTS

Financial Institutions	Type		
		Baht Million	US\$ Million
Citibank N.A., Bangkok Branch	Savings	0.010	0.000
Caylon	Savings	0.005	0.000
Siam City Bank PLC.	Savings	0.030	0.001
United Overseas Bank (Thai) PLC.	Savings	4.483	0.135

PLC. - Public Company Limited

## 2. ACTIVITIES

During January 1 - December 31, 2009, total purchases, sales and net realised gain/(loss) were:-

**A summary of purchases and sales by the Fund is as follows:-**

<b>Month</b>	<b>Purchases US\$ Million</b>	<b>Sales US\$ Million</b>	<b>Gain/(Loss) US\$ Million</b>
January	0.04	0.09	(0.01)
February	0.09	0.13	(0.04)
March	0.36	0.26	(0.03)
April	0.25	0.20	(0.01)
May	0.33	0.27	0.05
June	0.67	0.55	0.09
July	0.43	0.29	0.00
August	0.33	0.48	0.04
September	0.84	0.89	0.17
October	0.25	0.44	0.12
November	0.30	0.27	0.05
December	0.12	0.26	0.07
<b>Total</b>	<b>4.01</b>	<b>4.13</b>	<b>0.50</b>

*\*Using the exchange rate at month end*

## 3. PERFORMANCE

		<b>31-Dec-09</b>	<b>31-Dec-08</b>	<b>%YTD</b>
NAV/Unit	(Baht)	334.66	190.51	75.67%
	(US\$)	10.04	5.46	83.88%
Exchange Rate (Baht/US\$)		33.320	34.898	- 4.52%
SET Index		734.54	449.96	63.25%
Adjusted SET Index*		769.12	435.60	76.57%

Note: \* Adjusted with Baht/dollar exchange rate index

### The ten best price performance in the portfolio

Securities	Sector	Current Market Weighting (%)	Present Invested Mkt. Price (%)	% Change Since 31-Dec-08
1. Siam City Bank PLC.	Banking	1.06	3.50	314.89%
2. Charoen Pokphand Foods PLC.	Agribusiness	1.47	2.70	258.49%
3. Supalai PLC.	Property Development	0.18	3.71	216.75%
4. Thanachart Capital PLC.	Banking	0.50	0.99	213.48%
5. Quality Houses PLC.	Property Development	0.39	1.69	182.98%
6. Rojana Industrial Park PLC.	Property Development	0.16	1.35	168.04%
7. PTT Aromatics and Refining PLC.	Energy & Utilities	1.30	1.85	160.20%
8. Khon Kaen Sugar Industry PLC.	Foods & Beverages	0.40	1.96	155.93%
9. Banpu PLC.	Energy & Utilities	2.68	8.19	152.63%
10. Bank Of Ayudhya PLC.	Banking	2.34	3.54	141.94%
<b>Total</b>		<b>10.48</b>	<b>29.48</b>	

### The ten worst price performance in the portfolio

Securities	Sector	Current Market Weighting (%)	Present Invested Mkt. Price (%)	% Change Since 31-Dec-08
1. Ratchaburi Electricity Generating Holding PLC.	Energy & Utilities	0.88	0.62	- 17.54%
2. Stars Microelectronics (Thailand) PLC.	Electronic Components	0.04	1.77	6.96%
3. Advance Info Service PLC.	Information & Communication Technology	4.40	4.43	8.81%
4. ESSO (Thailand) PLC.	Energy & Utilities	0.38	1.18	18.69%
5. Bangkok Expressway PLC.	Transportation & Logistics	0.27	2.32	20.23%
6. Italian-Thai Development PLC.	Property Development	0.21	1.82	31.25%
7. PTT Exploration And Production PLC.	Energy & Utilities	8.35	7.41	37.38%
8. PTT PLC.	Energy & Utilities	11.95	10.05	40.57%
9. Minor International PLC.	Foods & Beverages	0.63	1.66	43.04%
10. Tata Steel (Thailand) PLC.	Construction Materials	0.28	0.93	46.67%
<b>Total</b>		<b>27.39</b>	<b>32.19</b>	

## Investment Portfolio

as at 31 December 2009

	Market Value (Baht)	% of Net Asset
<b>Summary of Investment Portfolio</b>		
<b>Listed Securities</b>		
Common Shares	139,504,508	96.26
Warrants / Purchase Rights	298,113	0.21
<b>Unlisted Securities</b>		
Common Shares	-	-
Debentures and Convertible Debentures	-	-
Warrants / Purchase Rights	-	-
Total Investment in Securities	139,802,621	96.47
Bank Deposits	8,667,312	5.98
Accrued Interest	-	-
Account Receivables	732,438	0.50
Liabilities	(4,277,157)	(2.95)
<b>TOTAL NET ASSETS</b>	<b>144,925,214</b>	<b>100.00</b>

<b>Net Asset Value as at 31 December 2009</b>	<b>(Baht)</b>
1. Listed Securities	139,802,621
2. Unlisted Securities	-
3. Bank Deposits	8,667,312
4. Other Assets	732,438
5. Other Liabilities	(4,277,157)
	<b>144,925,214</b>
Net Asset Value per Unit (Baht)	334.66
Net Asset Value per Unit (US\$)	10.04

Name of Securities	No. of Shares	Market Value (Baht)	% of Total	% of Paid-up Capital
<b>LISTED SECURITIES</b>				
<b>COMMON SHARES</b>				
<b>AGRO &amp; FOOD INDUSTRY AGRIBUSINESS</b>				
Charoen Pokphand Foods PLC.	343,700	<u>3,918,180</u>	<u>2.70</u>	<u>0.00</u>
<b>AGRO &amp; FOOD BEVERAGE</b>				
Khon Kaen Sugar Industry PLC.	187,900	2,837,290	1.96	0.01
Minor International PLC.	213,200	2,409,160	1.66	0.01
Thai Vegetable Oil PLC.	91,900	<u>1,635,820</u>	<u>1.13</u>	<u>0.01</u>
		<u>6,882,270</u>	<u>4.75</u>	<u>0.03</u>
<b>TOTAL AGRO &amp; FOOD INDUSTRY</b>		<b><u>10,800,450</u></b>	<b><u>7.45</u></b>	<b><u>0.03</u></b>
<b>FINANCIALS</b>				
<b>BANKING</b>				
Bank Of Ayudhya PLC.	227,700	5,123,250	3.53	0.00
Bangkok Bank PLC.	80,300	9,314,800	6.43	0.00
Kasikorn Bank PLC.	103,500	8,797,500	6.07	0.00
The Siam Commercial Bank PLC.	101,500	8,805,125	6.07	0.00
Siam City Bank PLC.	173,200	<u>5,066,100</u>	<u>3.50</u>	<u>0.01</u>
		<u>37,106,775</u>	<u>25.60</u>	<u>0.01</u>
<b>FINANCE &amp; SECURITIES</b>				
Thanachart Capital PLC.	64,700	<u>1,429,870</u>	<u>0.99</u>	<u>0.00</u>
<b>TOTAL FINANCIALS</b>		<b><u>38,536,645</u></b>	<b><u>26.61</u></b>	<b><u>0.01</u></b>
<b>INDUSTRIALS</b>				
<b>PETROCHEMICALS</b>				
PTT Chemical PLC.	5,200	<u>384,800</u>	<u>0.27</u>	<u>0.00</u>
<b>CONSTRUCTION MATERIAL</b>				
The Siam Cement PLC.	32,500	7,637,500	5.27	0.00
Tata Steel (Thailand) PLC.	680,000	1,346,400	0.93	0.01
		<u>8,983,900</u>	<u>6.20</u>	<u>0.01</u>
<b>TOTAL INDUSTRIALS</b>		<b><u>9,368,700</u></b>	<b><u>6.47</u></b>	<b><u>0.01</u></b>

Name of Securities	No. of Shares	Market Value (Baht)	% of Total	% of Paid-up Capital
<b>PROPERTY &amp; CONSTRUCTION</b>				
<b>PROPERTY DEVELOPMENT</b>				
Asian Property Development PLC.	731,700	4,207,275	2.90	0.03
Italian-Thai Development PLC.	895,300	2,632,182	1.82	0.02
Quality Houses PLC.	920,100	2,447,466	1.69	0.01
Rojana Industrial Park PLC.	187,500	1,950,000	1.34	0.02
Supalai PLC.	888,100	5,373,005	3.71	0.05
		<u>16,609,928</u>	<u>11.46</u>	<u>0.13</u>
<b>TOTAL PROPERTY AND CONSTRUCTION</b>		<b><u>16,609,928</u></b>	<b><u>11.46</u></b>	<b><u>0.13</u></b>
<b>RESOURCES</b>				
<b>ENERGY</b>				
Banpu PLC.	20,600	11,865,600	8.19	0.01
Esso (Thailand) PLC.	269,700	1,712,595	1.18	0.01
PTT PLC.	59,200	14,563,200	10.05	0.00
PTT Aromatics And Refining PLC.	105,100	2,680,050	1.85	0.00
PTT Exploration And Production PLC.	73,100	10,745,700	7.41	0.00
Ratchaburi Electricity Generating Holding PLC.	25,400	895,350	0.62	0.00
Thai Oil PLC.	67,500	2,885,625	1.99	0.00
		<u>45,348,120</u>	<u>31.29</u>	<u>0.02</u>
<b>TOTAL RESOURCES</b>		<b><u>45,348,120</u></b>	<b><u>31.29</u></b>	<b><u>0.02</u></b>
<b>SERVICES</b>				
<b>COMMERCE</b>				
C.P. All PLC.	152,900	3,791,920	2.62	0.00
<b>TRANSPORTATION</b>				
Airports Of Thailand PLC.	51,700	2,016,300	1.39	0.00
Bangkok Expressway PLC.	161,800	3,365,440	2.32	0.02
		<u>5,381,740</u>	<u>3.71</u>	<u>0.02</u>
<b>TOTAL SERVICES</b>		<b><u>9,173,660</u></b>	<b><u>6.33</u></b>	<b><u>0.02</u></b>
<b>TECHNOLOGY</b>				
<b>COMMUNICATION</b>				
Advanced Info Service PLC.	74,200	6,418,300	4.43	0.00
<b>ELECTRONIC COMPONENT</b>				
Cal-Comp Electronic (Thailand) PLC.	220,100	682,310	0.47	0.01
Stars Microelectronics (Thailand) PLC.	417,300	2,566,395	1.77	0.11
		<u>3,248,705</u>	<u>2.24</u>	<u>0.12</u>
<b>TOTAL TECHNOLOGY</b>		<b><u>9,667,005</u></b>	<b><u>6.67</u></b>	<b><u>0.12</u></b>
<b>TOTAL LISTED SECURITIES</b>		<b><u>139,504,508</u></b>	<b><u>96.26</u></b>	
<b>TOTAL COMMON SHARES</b>		<b><u>139,504,508</u></b>	<b><u>96.26</u></b>	

Name of Securities	No. of Shares	Market Value (Baht)	% of Total	% of Paid-up Capital
<b>WARRANTS</b>				
<b>LISTED WARRANTS</b>				
Rojana Industrial Park PLC.	21,000	135,450	0.10	0.01
Thai Vegetable Oil PLC.	18,380	162,663	0.11	0.22
<b>TOTAL WARRANTS</b>		<u><b>298,113</b></u>	<u><b>0.21</b></u>	<u><b>0.23</b></u>
<b>TOTAL INVESTMENTS</b>		<u><b>139,802,621</b></u>	<u><b>96.47</b></u>	
<b>BANK DEPOSITS</b>				
Bank Deposits		8,667,312	5.98	
<b>TOTAL BANK DEPOSITS</b>		<u><b>8,667,312</b></u>	<u><b>5.98</b></u>	
<b>ACCOUNT RECEIVABLES</b>				
Dividend and interest		21,807	0.01	
Sale of Securities		710,631	0.49	
<b>TOTAL ACCOUNT RECEIVABLES</b>		<u><b>732,438</b></u>	<u><b>0.50</b></u>	
<b>LIABILITIES</b>				
Accrued Auditing Fee		(400,000)	(0.28)	
Accrued Custodian Fee		(6,218)	(0.00)	
Accrued Management Fee		(93,997)	(0.06)	
A/P Unit Redeemed		(3,761,869)	(2.60)	
Suspend A/P-Dividend Income		(11,700)	(0.01)	
VAT Payable		-	0.00	
Accrued Withholding Tax		(3,373)	0.00	
<b>TOTAL LIABILITIES</b>		<u><b>(4,277,157)</b></u>	<u><b>(2.95)</b></u>	
<b>TOTAL INVESTMENTS</b>		<b>139,802,621</b>	<b>96.47</b>	
<b>TOTAL BANK DEPOSITS &amp; OTHERS</b>		<b>9,399,750</b>	<b>6.48</b>	
<b>TOTAL LIABILITIES</b>		<b>(4,277,157)</b>	<b>(2.95)</b>	
<b>TOTAL NET ASSET VALUE</b>		<u><b>144,925,214</b></u>	<u><b>100.00</b></u>	
<b>TOTAL INVESTMENT UNITS</b>		<b>7,665,980</b>		
<b>NET ASSET VALUE PER UNIT (BAHT)</b>		<b>334.66</b>		
<b>EXCHANGE RATE (BATH/US\$)</b>		<b>33.32</b>		
<b>NET ASSET VALUE PER UNIT (US\$)</b>		<b>10.04</b>		

## Shareholding Statistics

As at 8 March 2010

ISSUED AND FULLY PAID SHARES	<b>Common Shares</b> US\$100.00	<b>Preferred Shares</b> US\$570,428
CLASS OF SHARES	Common Shares of US\$1.00 each	Preferred Shares of US\$0.01 each
VOTING RIGHTS	1 vote per share	1 vote per share

### DISTRIBUTION OF SHAREHOLDINGS OF PREFERRED SHARES

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 to 999	17	39.53	3,549	0.62
1,000 to 10,000	17	39.53	48,741	8.55
10,001 to 1,000,000	9	20.94	518,138	90.83
1,000,001 AND ABOVE	0	0.00	0	0.00
<b>TOTAL</b>	<b>43</b>	<b>100.00</b>	<b>570,428</b>	<b>100.00</b>

### TOP 20 LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	Nomura Singapore Limited	209,407	36.71
2	HSBC (Singapore) Nominees Pte Ltd	87,579	15.35
3	DBS Nominees (Private) Ltd	85,663	15.02
4	Citibank Nominees Singapore Pte Ltd	44,689	7.83
5	Phillip Securities Pte Ltd	24,200	4.24
6	Raffles Nominees (Pte) Ltd	24,000	4.21
7	Hou Borong	17,400	3.05
8	Bank Of Singapore Nominees Pte Ltd	15,000	2.63
9	Nomura Securities Singapore Pte Ltd	10,200	1.79
10	Kung Meng	8,600	1.51
11	Wong Thian Soon	7,400	1.30
12	Anson Custody Limited A/C MT	6,200	1.09
13	BNP Paribas Nominees Singapore Pte Ltd	5,200	0.91
14	DBSN Services Pte Ltd	3,000	0.53
15	BNP Paribas Securities Services Spore	2,200	0.39
16	Shipley Andrew Herman or Lai Suay Theng Laura	2,200	0.39
17	Lim Cheng Huah	2,000	0.35
18	Lim Leong Pek	2,000	0.35
19	Tang Oi Yow	2,000	0.35
20	John Reginald Le Prevost	1,941	0.34
	<b>TOTAL</b>	<b>560,879</b>	<b>98.34</b>

SHAREHOLDER OF COMMON SHARE	No. of Common Shares	% of Common Shares in issue
MFC Asset Management Public Company Limited	100	100%

### PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 8 March 2010, approximately 95.34% of the total number of issued preferred shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

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# THE THAI PRIME FUND LIMITED

(Company Registration No. 198803033G)

(Incorporated in the Republic of Singapore)

## PROXY FORM FOR THE TWENTY-SECOND ANNUAL GENERAL MEETING

I/We, \_\_\_\_\_ (Name) of

\_\_\_\_\_ (Address)

being the holder(s) (“Shareholder(s)”) of \_\_\_\_\_ common shares of U.S. \$1.00 nominal value each (“Common Shares”) in capital of The Thai Prime Fund Limited (the “Company”) and/or preferred shares of U.S.\$0.01 nominal value each (“Preferred Shares”) in the capital of the Company (together, “Shares”) hereby appoint the chairman of the meeting or any one director of the Company or the company secretary of the Company or *(delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my / our proxy / proxies to attend and vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held on Tuesday, 27 April 2010 at 9.00 a.m. and at any adjournment thereof.

(Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	Resolutions relating to :	For	Against
1	Director’s Report and Audited Financial Statements for the year ended 31 December 2009		
2	Re-election of Mr John Reginald Le Prevost as Director		
3	Re-appointment of Messrs KPMG LLP as Auditors		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

Total number of Shares in :	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT : PLEASE READ NOTES ON THE REVERSE

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Affix  
Stamp  
here

**THE THAI PRIME FUND LIMITED**  
4 Robinson Road  
#05-01 Singapore 048543

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**Notes:**

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A Shareholder entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. Where a Shareholder wishes to appoint another person to be his/her proxy instead of the chairman of the meeting or any one director of the Company or the company secretary of the Company, he/she should delete the words “the chairman of the meeting or any one director of the Company or the company secretary of the Company” appearing in the instrument appointing a proxy or proxies. A proxy need not be a Shareholder of the Company.
3. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 4 Robinson Road #05-01 Singapore 048543 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Members, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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