

**THAI FOCUSED EQUITY FUND LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2009**



Beaux Lane House  
Mercer Street Lower  
Dublin 2

## THAI FOCUSED EQUITY FUND LIMITED

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# THAI FOCUSED EQUITY FUND LIMITED

## ADMINISTRATION

### Directors

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Lau Chung Wei Wayne  
James Lyle

### Registered Office

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Tortola, British Virgin Islands

### Investment Manager

Quest Management Cayman Islands, Inc.  
c/o Wayne Lau  
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Petit Saconnex  
Geneva 1209  
Switzerland

### Auditors

BDO  
Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland

### Administrator, Registrar and Company Secretary

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KBC House, 4th Floor  
4 George's Dock  
I.F.S.C.  
Dublin 1  
Ireland

### Custodian

Citibank  
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### Legal Advisers

(United States Law)  
Seward & Kissel LLP  
One Battery Park Plaza  
New York  
New York 10004

(British Virgin Islands Law)  
Harney, Westwood & Riegels  
Craigmuir Chambers  
P.O. Box 71  
Road Town  
Tortola, British Virgin Islands

**INDEPENDENT AUDITORS' REPORT  
TO THE DIRECTORS OF THAI FOCUSED EQUITY LIMITED**  
(incorporated in the British Virgin Islands with limited liability)

We have audited the accompanying financial statements of Thai Focused Equity Fund Limited (the "Fund") which comprise the Statement of financial position as of 31 December, 2009 and the income statement, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International 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 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.

Four Michael Street  
LimerickLindsay House  
10 Callender Street  
Belfast BT1 5BNRobert Adams  
Maurice Carr  
Michael Costello  
John Gilmor Gavin  
Jim Hamilton  
Diarmuid Hendrick

Chartered Accountants

Gerard Holliday  
Paul Keenan  
Neil Kelly  
Brian McGann  
Stephen McGivernColm Nagle  
Paul Nestor  
John O'Callaghan  
Louis O'Neill  
Frank SheedyPeter Carroll (Managing Partner)  
Eddie Doyle  
Stewart Dunne  
Ivor Feerick  
Alan Flynn  
David Gites  
Derry GrayDenis Herlihy  
Ciarán Medlar  
David McCormick  
Michelle O'Keefe  
Peter O'Neill  
Noel Taylor



*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

7 April 2010

Date

BDO

BDO  
Dublin  
Registered Auditors

THAI FOCUSED EQUITY FUND LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009

	Note	2009 US\$	2008 US\$
<b>Assets</b>			
Financial assets at fair value through profit and loss	6	98,603,815	116,068,293
Cash at broker	2 (f)	21,166,291	14,524,632
Dividends receivable		-	190,726
Other receivable		111,836	253,966
<b>Total assets</b>		<b>119,881,942</b>	<b>131,037,617</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss	6	571,555	1,212,650
Due to broker		3,237	1,839,459
Investment management fee payable	4(a)	82,273	122,034
Administration fees payable	4(e)	16,768	50,631
Share redemptions payable		21,421,921	-
Other payables		69,570	64,500
<b>Liabilities (excluding net assets attributable to holders of redeemable common shares)</b>		<b>22,165,324</b>	<b>3,289,274</b>
<b>Net assets attributable to holders of redeemable common shares (at bid/asking market prices)</b>	8	<b>97,716,618</b>	<b>127,748,343</b>
<b>Represented by:</b>			
Net assets attributable to holders of redeemable common shares (at last traded market prices)	8	98,141,584	128,041,285
Adjustment from bid/asking market prices to last traded market prices	8	424,966	292,942

Approved for issuance on behalf of the board

  
Director

  
Director

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

**THAI FOCUSED EQUITY FUND LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 US\$	2008 US\$
<b>Income</b>			
Dividend income	2(d)	5,256,283	12,521,498
Interest income on cash	2(d)	50,256	361,399
Interest income		-	82,919
Net change in financial assets and liabilities at fair value through profit or loss	3	27,132,268	(114,024,954)
		<u>32,438,807</u>	<u>(101,059,138)</u>
<b>Expenses</b>			
Investment management fee	4(a)	932,714	2,617,627
Transactions handling fee		209,808	380,711
Administration fee	4(e)	150,528	293,491
Other operating expenses		73,463	148,758
Legal and professional fee		4,633	35,558
Auditors' remuneration		36,558	27,215
Directors' fee	4(f)	10,000	15,000
Incentive allocation	4(b)	-	5,929
		<u>1,417,704</u>	<u>3,524,289</u>
<b>Profit/(loss) before tax</b>		<b>31,021,103</b>	<b>(104,583,427)</b>
Overseas withholding tax	5	(289,314)	(923,180)
<b>Profit/(loss) after tax</b>		<b>30,731,789</b>	<b>(105,506,607)</b>
Adjustment from bid/asking market prices to last traded market prices	8	132,024	(586,553)
<b>Increase/(decrease) in net assets attributable to holders of redeemable common shares from operations</b>		<b>30,863,813</b>	<b>(106,093,160)</b>

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

**THAI FOCUSED EQUITY FUND LIMITED**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE COMMON SHARES**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 US\$	2008 US\$
Net assets attributable to holders of redeemable common shares at 1 January	128,041,285	336,446,152
Proceeds from subscription of redeemable common shares	10,493,477	5,308,454
Redemption of redeemable common shares	<u>(71,256,991)</u>	<u>(107,620,161)</u>
Net decrease from share transactions	(60,763,514)	(102,311,707)
Increase/(decrease) in net assets attributable to holders of redeemable common shares from operations	<u>30,863,813</u>	<u>(106,093,160)</u>
Net assets attributable to holders of redeemable common shares at 31 December	<u><u>98,141,584</u></u>	<u><u>128,041,285</u></u>

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

**THAI FOCUSED EQUITY FUND LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 US\$	2008 US\$
<b>Cash flows from operating activities</b>		
<b>Increase/(decrease) in net assets attributable to holders of redeemable common shares from operations</b>	<b>30,863,813</b>	<b>(106,093,160)</b>
Adjustments for:		
Overseas withholding tax	289,314	923,180
Interest income	(50,256)	(444,318)
Dividend income	(5,242,262)	(12,521,498)
	<u>25,860,609</u>	<u>(118,135,796)</u>
<b>Change in financial assets and liabilities at fair value</b>	<b>16,691,361</b>	<b>221,453,127</b>
Net decrease/(increase) in receivables	437,046	(339,108)
Increase in amounts receivable from brokers	-	5,757,858
Decrease in amounts payable to brokers	(1,836,222)	(631,780)
Decrease in incentive allocation payable	-	(20,728,652)
Decrease in other payables	(68,554)	-
Interest received	50,256	444,318
Overseas withholding tax paid	(289,314)	(923,180)
Dividends received	5,138,070	12,521,498
	<u>16,691,361</u>	<u>221,453,127</u>
<b>Net cash inflow from operating activities</b>	<b>45,983,252</b>	<b>99,418,285</b>

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

**THAI FOCUSED EQUITY FUND LIMITED**

**CASH FLOW STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable common shares	<b>10,493,477</b>	5,308,454
Redemption of redeemable common shares	<b>(49,835,070)</b>	(107,620,161)
<b>Net cash outflow from financing activities</b>	<b><u>(39,341,593)</u></b>	<b><u>(102,311,707)</u></b>
Increase/(decrease) in cash and cash equivalents	<b>6,641,659</b>	(2,893,422)
Cash and cash equivalents at 1st January	<b>14,524,632</b>	17,418,054
<b>Cash and cash equivalents 31 December</b>	<b><u>21,166,291</u></b>	<b><u>14,524,632</u></b>

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

## **THAI FOCUSED EQUITY FUND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **1 General**

Thai Focused Equity Fund Limited (the "Fund") was incorporated in the British Virgin Islands on 5 September 1997 and commenced operations on 21 October 1997. The objective of the Fund is to seek superior long term capital appreciation through investment primarily in corporate equity securities of companies whose principal assets or operations are located in Thailand, or whose income is derived primarily from Thailand. Additionally, the Fund may invest in long or short positions in privately negotiated (or restricted) common stocks of publicly traded companies, preferred stocks, stock warrants and rights, sovereign debts, corporate debts, bonds, notes or other debentures or debt participations, convertible securities swaps and other derivative instruments, partnership interests and other securities including those of investment companies. The Fund may sell securities short and employ leverage when deemed appropriate. The investment manager of the Fund is Quest Management Cayman Islands, Inc. (the "Investment Manager"). Douglas E. Barnett (the "Principal"), the principal of the Investment Manager and a Director of the Fund, is responsible for making the investment decisions on behalf of the Investment Manager. The Fund has no employees.

In early 2009, Goldman Sachs International announced that they would be closing their Hong Kong office (which serviced the Fund for both administration and prime broking). As a result, the Fund entered into a new administrative service agreement with Admiral Administration in Dublin, Ireland, and a new custodian agreement with Citigroup in Singapore.

All references to net assets throughout these financial statements refer to net assets attributable to holders of redeemable common shares.

#### **2 Principal accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below:

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 2. Principal accounting policies (Continued)

##### (b) Basis of preparation (Continued)

#### *Standards and amendments to existing standards effective 1 January 2009*

IFRS 7 (amendment) "Financial Instruments: Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Fund's financial position or performance.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Fund's redeemable common shares are issued as four classes of share that incur differing management fee percentages, their features are not considered identical. The adoption of these amendments has not therefore resulted in any change in the classification of the Fund's redeemable shares.

IAS 1 (revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the Statement of changes in net assets attributable to holders of redeemable common shares. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). Where entities restate or reclassify comparative information, they are required to present a restated Statement of Financial Position as at the beginning comparative period, in addition to the current requirement to present Statements of Financial Position at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from 1 January 2009, and has elected to present solely a Statement of Comprehensive Income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Fund's performance statement, as the Fund has no elements of other comprehensive income.

IAS 39 (amendment), "Financial Instruments: Recognition and Measurement". The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Master Fund's financial statements.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 2 Principal accounting policies (Continued)

##### Standards, amendments and interpretations effective on 1 January 2009 but not relevant for the Fund's operations

- IAS 23 (amendment), "Borrowing costs";
- IAS 39 and IFRIC 9 (amendments), "Embedded derivatives" (effective for all periods ending on or after 30 June 2009);
- IAS 39 and IFRS 7 (amendments), "Reclassification of financial assets";
- IFRS 1 (amendment), "First-time adoption of IFRS", and IAS 27, "Consolidated and separate financial statements";
- IFRS 2 (amendment), "Share-based payment";
- IFRS 8, "Operating segments"; and
- IFRIC 15, "Agreements for construction of real estates".

##### Standards, amendments and interpretations that are not yet effective and not relevant for the Funds operations

The following interpretations are mandatory for the Fund's accounting periods beginning on or after 1 July 2009 or later periods but are not relevant for the Fund's operations:

- IAS 27 (revised), "Consolidated and separate financial statements" (effective from 1 July 2009);
- IAS 39 (amendment), "Financial instruments: Recognition and measurement" (effective from 1 July 2009);
- IFRS 1 (amendments), "Additional exemptions for first-time adopters" (effective from 1 January 2010);
- IFRS 2 (amendments), "Group cash-settled share-based payment transactions" (effective from 1 January 2010);
- IFRS 3 (revised), "Business combinations" (effective from 1 July 2009);
- IFRIC 17, "Distributions of non-cash assets to owners" (effective from 1 July 2009); and
- IFRIC 18, "Transfers of assets from customers" (effective from 1 July 2009).

"Improvements to IFRS" were issued in May 2009 and April 2009 respectively and contain numerous amendments to IFRS, which the IASB consider non-urgent but necessary. "Improvements to IFRS" comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 2 Principal accounting policies (Continued)

##### (b) Financial assets and financial liabilities at fair value through profit or loss

###### *(i) Classification*

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. These financial assets are expected to be realised within 12 months of the balance sheet date.

###### *(ii) Recognition/derecognition*

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

###### *(iii) Measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the income statement in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the income statement within interest income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement within dividend income when the Fund's right to receive payments is established.

###### *(iv) Fair value estimation*

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it applies the bid or asking price to the net open position, as appropriate.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 2. Principal accounting policies (Continued)

##### (c) Foreign currency translation

###### (i) Functional and presentation currency

Subscriptions and redemptions of the redeemable common shares are denominated in US\$ and the performance of the Fund is measured and reported to the investors in US\$. The Board of Directors considers US\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US\$, which is the Fund's functional and presentation currency.

###### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities are recognised in the income statement within the fair value net gain or loss. The prevailing exchange rate from Thailand Baht to United States Dollars was 34.74 as at December 31, 2008 and 33.37 as at December 31, 2009. The prevailing exchange rate from Singapore Dollar to United States Dollars was 1.43 as at December 31, 2008 and 1.41 as at December 31, 2009.

##### (d) Income recognition

Dividends receivable on quoted equity shares are recognised on the ex-dividend dates. Dividends receivable on equity shares where no-dividend date is quoted are brought into account when the Fund's right to receive payment is established.

Interest income is recognised in the income statement on a time proportion basis using the effective interest method and includes interest from fixed interest securities.

##### (e) Securities borrowing and lending

The securities borrowed and securities loaned are treated as off balance sheet items and the underlying commitments are disclosed in the relevant notes to the accounts. Income or expense arising from securities borrowing or loans is recognized in the financial statements as interest income or interest expense.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 2 Principal accounting policies (Continued)

##### (f) Cash and cash equivalents

Cash comprises of bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. As at December 31, 2009 and December 31, 2008 the cash balance of the Fund were as follows:

	2009 US\$	2008 US\$
Citibank	17,395,860	-
KGI Securities	773,460	-
Tisco Securities Company Limited	43,070	5,641,561
Kasikorn Securities	1,520,997	4,673,883
JP Morgan Chase Bank	1,432,904	-
Goldman Sachs International Limited	-	4,209,188
<b>Total</b>	<b><u>21,166,291</u></b>	<b><u>14,524,632</u></b>

##### (g) Redeemable common shares

Redeemable common shares are redeemable at the shareholder's option and are classified as financial liabilities. The common share can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The common share is carried at the redemption amount that would be payable at the balance sheet date if the shareholder exercised its right to put the share back to the Fund.

The net asset value per redeemable common share of the Fund is calculated on a monthly basis, by dividing the net assets included in the balance sheet by the number of shares in issue as at that date.

Prices for issues of redeemable common shares are based on the net asset value as of the close of business on the immediate preceding business day in Thailand.

Prices for redemption of redeemable common shares are based on the net asset value as of the last business day in Thailand after deduction of the basic management fees and incentive fees attributable to the shares redeemed.

Proceeds and payments for redeemable common shares issued and redeemed are shown as movements in the statement of changes in net assets attributable to holders of redeemable common shares.

##### (h) Expenses

Expenses are accounted for on an accruals basis. Expenses arising on disposal of investments are deducted from the disposal proceeds. Dividends on securities sold short are accrued on the ex-date and paid to the brokers on the payable date.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**2. Principal accounting policies (Continued)**

**(i) Forward foreign exchange contracts**

Forward foreign exchange contracts are recognized at fair value on the date the contracts are entered into and subsequently are re-measured at their fair value representing the difference between the forward rate of exchange as applicable to outstanding terms of the contracts and the spot exchange rate as at the valuation date. Such contracts are carried in assets when net amounts are receivable by the Fund and in liabilities when net amounts are payable by the Fund. Changes in fair values of forward foreign exchange contracts are included in the income statement.

**(k) Derivative financial instruments**

Derivative financial instruments, that may include foreign exchange contracts, contracts for difference, stock market index, interest rate futures, forward rate agreements, currency and interest rate swaps and equity options are initially recognized in the balance sheet at fair value and subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund.

**3 Net change in financial assets and liabilities at fair value through profit or loss**

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
Net realized (losses) / gains on investments	<b>(63,993,090)</b>	40,505,048
Net change in unrealized gains on investments	<b>89,907,496</b>	(158,314,212)
Net change in unrealized gains / (losses) on cash, cash equivalents, and forward foreign exchange contracts	<b>(371,233)</b>	893,782
Net realized gain on foreign exchange	<b>1,140,632</b>	2,303,875
Net realized gain on forward exchange contract	<b>580,487</b>	-
Adjustment from bid/asking market prices to last traded market prices	<b>(132,024)</b>	586,553
	<b><u>27,132,268</u></b>	<b><u>(114,024,954)</u></b>

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 4 Fees

##### (a) Investment management fee

Under the investment management agreement entered into between the Investment Manager and the Fund on 23<sup>rd</sup> June 2009 (superseding the agreement of 5<sup>th</sup> September 1997, as amended), the Investment Manager is entitled to receive an investment management fee as follows:

Investor shares (Class A)	1.0% per annum
Manager shares (Class B)	0.0% per annum
Investor shares (Class C)	1.5% per annum
Investor shares (Class D)	2.0% per annum

The investment management fee is calculated by reference to the net asset value and accrued as of the end of each month and is payable on a quarterly basis.

The Investment Manager may, in its sole discretion, waive or rebate the investment management fee paid by certain shareholders affiliated with the Investment Manager or certain large shareholders. For the purpose of administering the waiver/rebate, the Administrator maintains a memo sub-division of each class of shares and classifies them as "Fee paying" shares and "Non-fee paying" shares. Refer to note 7.

Based on the above the Investment Manager was entitled to management fee of US\$932,714 (2008: US\$2,617,627) for the year of which US\$82,273 (2008: US\$122,034) remained payable at year end.

##### (b) Incentive allocation

Pursuant to the Fund's Confidential Explanatory Memorandum, the Investment Manager will be entitled to receive an incentive allocation from the Fund calculated on a share-by-share basis so that each share is charged an incentive allocation which equates precisely with that share's performance.

The Investment Manager is allocated an incentive allocation for each financial year equal to 20% of the net income (including net realized and unrealized gains), if any, during such financial year allocable to each redeemable common share. If a redeemable common share has a loss chargeable to it during any financial year and during a subsequent year there is a profit allocable to the redeemable common share, there will be no incentive allocation with respect to the redeemable common share until the amount of the loss previously allocated to the redeemable common share has been recouped.

When new shareholders subscribe at a net asset value higher than the net asset value at which the incentive allocation was last calculated (the "high water mark"), shares equivalent to the incentive allocation which is included in the subscription price as at the entry date (equalization factor) are returned to the relevant shareholders in the form of new shares as of the year end date. This is done so that (i) the incentive allocation is charged only to those shares which have appreciated in value since their acquisition, (ii) all shareholders will have the same amount per share at risk and (iii) all shares will have the same net asset value.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**(b) Incentive allocation (Continued)**

When new shareholders subscribe at a net asset value lower than both the high water mark and the net asset value as at the year-end date following investment, such shareholders would be subject to an additional incentive allocation calculated by reference to the net asset value at which they subscribed and the lower of the high water mark and the net asset value as at the year-end following investment which is effected through the redemption of shares with respect to the relevant shareholders.

When shareholders redeem during the year, such shareholders, according to the Fund's Confidential Explanatory Memorandum, Section 5 - Investment Management Agreement, are liable to the payment of incentive allocation based on the net asset value achieved on the relevant redemption date. Accordingly the Investment Manager was not paid an incentive allocation during the year in respect of shareholders who redeemed during the year (2008: US\$5,929).

When shareholders purchase shares during the fiscal year at an offer price lower than year end net asset value per share but below the high water mark, defined at the beginning of the fiscal year as the net asset value per share as at the preceding fiscal year end date, an incentive allocation is payable by those particular shareholders to the Investment Manager. Such shareholders will have part of their shareholding redeemed to cover the incentive allocation payable to the investment manager as at the end of the fiscal year. During the current year shares to the value of US\$460,349 (2008: US\$nil) were required to be transferred from these particular shareholders to the Investment Manager to cover the incentive allocation payable.

The Investment Manager may, in its sole discretion, in effect waive or reduce the incentive allocation for certain shareholders affiliated with the Investment Manager or certain large shareholders. For the purpose of administering the waiver/rebate, the Administrator maintains a memo sub-division of each class of shares and classifies them as "Fee paying" shares and "Non-fee paying" shares. Refer to note 7.

**(c) Prime broker**

Goldman Sachs International acted as prime broker to the Fund until they closed their Hong Kong office in early 2009. The Fund did not replace Goldman Sachs International. Fees to the prime broker are included under Transactions handling fee and Net change in fair value on investments in the Statement of Comprehensive Income.

**(d) Custodian**

Goldman Sachs International acted as Custodian to the Fund until October 2009 when they were replaced by Citibank.

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### (e) Administration fee

Goldman Sachs Bank (Europe) Plc acted as the administrator of the Fund until the 31 March 2009. Effective from 1 April 2009, the Fund entered into an agreement with Admiral Administration (Ireland) Limited (the "Administrator") to perform general administrative services for the Fund. The fee is payable monthly in arrears and accrued on a monthly basis as calculated based on the monthly net asset value of the Feeder Fund at the following annual rates of Feeder Fund's monthly net asset value and subject to a minimum fee of US\$50,000 per annum:

- 0.12% per annum on the first US\$200 million of the net asset value
- 0.10% per annum on the next US\$200 million of the net asset value
- 0.8% per annum above US\$400 million of the net asset value

#### (f) Directors' fees

The Directors, other than Directors related to the Investment Manager or its affiliates, are entitled to receive a fee with respect to services in their capacity as Directors. Directors' fees for the year ended 31 December 2009 amounted to US\$10,000 (2008: US\$15,000).

## 5 Taxation

The Fund is domiciled in the British Virgin Islands which is an off-shore jurisdiction and the Fund is exempt from paying income or capital gains taxes of that jurisdiction.

The Fund has elected to be treated as a partnership for United States federal income tax purposes.

Foreign entities such as the Fund are generally subject to a 15% withholding tax in Thailand on capital gains. However, the Directors consider that under current Thai tax law and tax treaties, the Fund may structure its investments (either through the use of subsidiaries in jurisdictions covered by tax treaties with Thailand, structured products or otherwise) to eliminate or minimize the withholding tax on capital gains. Accordingly, the Directors consider that they have structured the Fund's investments such that it will not be subject to the 15% withholding tax on capital gains. Nevertheless, it should be recognized that Thai tax laws or applicable tax treaties may change and, even in the absence of such change, the Thai tax authorities may disagree with the conclusion that the withholding tax on capital gains is not applicable to investments structured in the manner implemented by the Fund. Therefore, there is a risk that the Fund will be subject to Thai withholding tax at the rate of 15% on capital gains. The Directors consider that they are satisfied, based on advice received, that the fund is not liable to Thai withholding tax and therefore no provision for taxation has been made.

Foreign entities such as the Fund are also generally subject to a 10% withholding tax on dividends with respect to investments in companies whose equity securities are publicly traded on the Stock Exchange of Thailand. Dividend income earned by the Fund from equity securities that are publicly traded on the Stock Exchange of Thailand are generally subject to withholding tax.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)

6 Financial assets and liabilities

	2009 US\$	2008 US\$
Financial assets at fair value through profit and loss		
<u>Equities</u>		
Listed securities (long)	99,030,885	74,361,235
Total Equities (long)	<u>99,030,885</u>	<u>74,361,235</u>
Treasury bills	-	42,000,000
Adjustment from bid/asking market prices to last traded market prices	<u>(427,070)</u>	<u>(292,942)</u>
Total financial assets at fair value through profit and loss	<u>98,603,815</u>	<u>116,068,293</u>
Financial liabilities at fair value through profit and loss		
<u>Equities</u>		
Listed securities (short)	<u>(573,659)</u>	<u>(1,212,650)</u>
Total Equities (short)	<u>(573,659)</u>	<u>(1,212,650)</u>
Adjustment from bid/asking market prices to last traded market prices	<u>2,104</u>	-
Total financial liabilities at fair value through profit and loss	<u>(571,555)</u>	<u>(1,212,650)</u>

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**7 Redeemable common shares**

Authorized shares of the Fund consist of four classes of redeemable common shares - 5,000,000 investor shares (Class A), 50,000 manager shares (Class B), 5,000,000 investor shares (Class C) and 5,000,000 investor shares (Class D) of US\$0.01 each for all classes. The investor shares are subscribed to by investors. The manager shares, are subscribed to solely by the Investment Manager or its affiliates, and are entitled to the incentive allocation as described in note 4(b) to the financial statements.

All issued redeemable common shares are fully paid, entitle them to dividends and voting powers and are identical except for the differences in investment management basic fee charged and redemption notice periods as follows:

	Investment management basic fee	Redemption notice period
Investor share Class A	1%	1 month
Manager share Class B *	0%	1 month
Investor share Class C	1.5%	3 month
Investor share Class D	2.0%	6 month

\* Entitles holders to incentive allocation. Please also refer to note 4 (b).

Class A Non fee paying, Class C Non fee paying, and Class D Non fee paying classes are not liable to pay management fees or incentive allocations.

Redeemable common shares in issue are as follows:

	Class A – Fee paying No. of Shares	Class A - Non fee paying No. of Shares	Class B – Non fee paying No. of Shares
Balance at 31 December 2009	155,276.5024	13,031.5640	22,758.8023
	NAV per share	NAV per share	NAV per share
	<u>503.14</u>	<u>559.25</u>	<u>559.25</u>

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2008 (CONTINUED)

7 Redeemable common shares (Continued)

	Class A – Fee paying No. of Shares	Class A - Non fee paying No. of Shares	Class B – Non fee paying No. of Shares
Balance at 31 December 2008	158,709.2110	5,985.7568	19,783.5412
	NAV per share	NAV per share	NAV per share
	<u>382.19</u>	<u>420.35</u>	<u>420.35</u>
	Class C – Fee paying No. of Shares	Class C - Non fee paying No. of Shares	Class D – Fee paying No. of Shares
Balance at 31 December 2008	114,320.8777	3,312.0195	27,999.7405
	NAV per share	NAV per share	NAV per share
	<u>377.23</u>	<u>420.35</u>	<u>373.72</u>
	Class D – Non fee paying No. of Shares		
Balance at 31 December 2008	3,733.7876		
	NAV per share		
	<u>420.35</u>		

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**8 Net assets attributable to holders of redeemable common shares**

In accordance with the provisions of the Fund's Confidential Explanatory Memorandum dated June 2006, securities that are listed on an exchange and are freely transferable are stated at the last traded price on the valuation day for the purpose of determining net asset value per redeemable common share for subscriptions and redemptions and for various fee calculations. However, as stated in note 2, the accounting policy of the Fund for the purpose of compliance with IAS 39 and for reporting purposes is to value its investments at the relevant bid market prices for financial assets and relevant asking price for financial liabilities on the Balance Sheet date. As at 31st December 2009, the difference between the accounting policy as stated in note 2 and the valuation methodology indicated in the Fund's Confidential Explanatory Memorandum, results in an adjustment of US\$424,966 being made to the value of investments held by the Fund (2008: US\$292,942).

Net assets attributable to holders of redeemable common shares represent a liability in the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the shareholder exercised the right to redeem the share to the Fund. Consequently, the difference described above fully adjusts the carrying amount of the net assets attributable to holders of redeemable common shares and the resultant change for the year is included in the Income Statement. The cumulative differences are included as "Adjustment from bid/asking market prices to last traded market prices" on the Balance Sheet.

**9 Related party and affiliated transactions**

In addition to the related party transactions which were carried out in the normal course of the Fund's business, disclosed in note 4 to the financial statements, the Investment Manager has informed the Fund that at 31 December 2009, the partners of Quest Management Cayman Islands, Inc. hold a total investment in the Fund of 35,790 shares (2008: 32,815), equivalent to approximately US\$20,015,762 (2008: US\$13,793,801).

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 10 Financial instruments and associated risks

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's objective is to achieve capital growth through investing in equity securities issued by companies included in the Stock Exchange of Thailand index and by hedging through investing in SET 50 futures, over-the-counter swaps, over-the-counter forwards, and over-the-counter options.

##### (a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Fund's investments are primarily equities and are predominantly located in Thailand. The Fund is therefore exposed to market risk associated with the economy of Thailand. In the normal course of business, the Fund trades option contracts, financial futures, forward contracts and other derivative financial instruments all of which are carried at market or fair value. Generally, these financial instruments represent future commitments to purchase, sell or exchange other financial instruments on specific terms at specified future dates. The extent of the Fund's involvement in these instruments is determined by the composition of the investment portfolio and the Investment Manager's expectations as to the direction and volatility of interest and foreign exchange rates, as well as other economic factors. These transactions involve a market risk that may be in excess of that amount recognized in the accompanying balance sheet due to future changes in the market values of the securities, commodities or currencies underlying the financial instruments. Details of the Fund's derivative financial instruments are disclosed in the Schedule of Investments.

The Fund trades in financial securities, taking positions in traded and derivative financial instruments with an aim to take advantage of price movements.

All securities investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments. Except for equities sold short, forward currency contracts, futures and written options, maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses arising from equities sold short, forward currency contracts, futures and written options can be unlimited. The Fund's overall markets positions are monitored on a daily basis by the Fund's Investment Manager. As at 31 December, 2009 the Fund held no equities short.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 (a) Market price risk (Continued)**

The Fund's equity securities and trading derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures. Between 50% and 95% of the net assets attributable to common shares is invested in equity securities and related derivatives. Between 75% and 100% of this amount is in individual equities and the balance is in traded or over-the-counter options and futures. The equity securities are selected from all listed Thai stocks. The Fund aims to reduce certain risk exposures using Index swaps.

The table below summarizes the Fund's net market price risk exposure, including the impact of underlying positions held through derivative instruments held by the Fund.

	Fair value	At 31 December 2009 % of net assets valued at bid/asking market price	Fair value	At 31 December 2008 % of net assets valued at bid/asking market price
Securities (long) designated at fair value through profit and loss	98,603,815	100.05%	74,361,234	58.21%
Treasury bills	-	-	42,000,000	32.88%
Derivative liabilities held for trading	-	-	(1,212,650)	(0.95%)
Securities (short) designated at fair value through profit and loss	(571,555)	(0.58)%	-	-
Total financial assets and liabilities at fair value through profit and loss	98,032,260		115,148,584	

Amended IFRS 7 requires various inputs to be used when determining the value of investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under amended IFRS 7 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for instruments that are identical or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 (a) Market price risk (Continued)**

The hierarchy requires the use of observable market data when available. As required by the amended IFRS 7 assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following is a summary of the levels within the fair value hierarchy for the Fund's assets and liabilities as of December 31, 2009:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets at fair value through profit and loss	98,603,815	-	-	98,603,815
<b>Total</b>	<b>98,603,815</b>	<b>-</b>	<b>-</b>	<b>98,603,815</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit and loss	(571,555)	-	-	(571,555)
<b>Total</b>	<b>(571,555)</b>	<b>-</b>	<b>-</b>	<b>(571,555)</b>

No comparative information for 31 December 2008 has been presented as in accordance with IFRS 7 comparative information is not required in the first year of application.

At 31 December 2009, the Fund's market risk is affected by three main components: changes in actual market prices, interest rate and foreign currency movements. Interest rate and foreign currency movements are covered in Notes 10 (b) and 10 (e) respectively. The net long exposure of the Fund consisted of Thai listed stock with an aggregate value of US\$98,457,226. The long exposure was unhedged via short SET50 futures. If the SET index at 31 December 2009 had increased by 5% with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares by approximately 5.8% (US\$5.71m). Conversely, if the SET index had decreased by 5%, this would have decreased net assets attributable to holders of redeemable shares by approximately 3.9% (US\$3.84m).

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 (b) Interest rate risk**

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates in US Treasury bills with maturities of less than 1 month, so there is no significant interest rate risk.

The Fund's interest-bearing financial assets (it has no interest-bearing liabilities) expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2009	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Financial assets at fair value through profit or loss	-	-	-	98,603,815	98,603,815
Other receivables and prepayments	-	-	-	111,836	111,836
Cash at bank	21,166,291	-	-	-	21,166,291
<b>Total assets</b>	<b>21,166,291</b>	<b>-</b>	<b>-</b>	<b>98,715,651</b>	<b>119,881,941</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	571,555	571,555
Due to brokers	-	-	-	3,237	3,237
Accrued expenses and other payables	-	-	-	21,590,532	21,590,532
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,165,324</b>	<b>22,165,324</b>
<b>At 31 December 2008</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	42,000,000	-	-	74,361,235	116,361,235
Other receivables and prepayments	-	-	-	444,692	444,692
Cash at bank	14,524,632	-	-	-	14,524,632
<b>Total assets</b>	<b>56,524,632</b>	<b>-</b>	<b>-</b>	<b>74,805,927</b>	<b>131,330,559</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	1,212,650	1,212,650
Due to brokers	-	-	-	1,839,459	1,839,459
Accrued expenses	-	-	-	237,165	237,165
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,289,274</b>	<b>3,289,274</b>

## THAI FOCUSED EQUITY FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

#### 10 Financial instruments (Continued)

##### (b) Interest rate risk (Continued)

At 31 December 2009 the Fund has minimum exposure to interest rate movement.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's overall interest sensitivity on a daily basis.

##### (c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All securities transactions entered into by the Fund during the year were cleared through and held in custody by two major international institutions, Goldman Sachs International for the first part of the year and subsequently Citibank. Both institutions are highly rated by the prominent rating agencies. The Fund is subject to credit risk to the extent that these institutions may be unable to fulfil its obligations either to return the Fund's securities or repay amounts owed.

In addition to Citibank, the Fund's other major counterparties at December 2009 were as follows:

	<b>2009</b>	<b>2008</b>
	<b>US\$</b>	<b>US\$</b>
JP Morgan Chase Bank	1,432,904	-
Goldman Sachs International Limited	-	4,209,188
KGI Securities	773,460	-
Tisco Securities Company Limited	43,070	5,641,561
Kasikorn Securities	<u>1,520,997</u>	<u>4,673,883</u>

All of the Fund's counterparties are highly rated by the prominent ratings agencies.

For these financial instruments, the maximum credit risk amount at 31 December 2009 is represented by the amount at which they are included in the Balance Sheet.

The Fund has no master netting agreement. The securities held by Citibank are all long equities, and the short position is held at a local Thai broker that requires cash collateral. The financial status of this broker is continuously monitored and the Fund has dealings with them on a daily basis.

In accordance with the Fund's policy, the Investment Manager monitors the credit worthiness of Citibank.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 Financial instruments (Continued)**

**(c) Credit risk (Continued)**

At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following:

	2009 US\$	2008 US\$
Financial assets at fair value through profit or loss	98,603,815	116,068,293
Cash and cash equivalents	21,166,291	12,685,173
Other receivables	111,836	444,692
<b>Total</b>	<b>119,881,942</b>	<b>129,198,158</b>

The extent of the Fund's exposure to credit risks in respect of these financial assets approximates the carrying values of the assets as outlined above.

Substantially, all assets of the Class are held at year end by Citibank and at the 31 December 2008 by Goldman Sachs International thereby exposing the Fund to concentration of credit risk towards these counterparties. Bankruptcy or insolvency of these counterparties may cause the Fund's rights with respect to assets and securities held by these counterparties to be delayed or limited.

However, the Directors are of the view that there is no material risk in relation to this as significant cash balances are not held for prolonged periods. Management also monitors the risk exposure by monitoring the credit quality and financial position of significant counterparties on a monthly basis.

The credit ratings of Citibank and Goldman Sachs International at the year end are as follows:

	2009 rating	2008 rating
Citibank	S&P A	-
Goldman Sachs International	-	S&P A

**(d) Liquidity risk**

Liquidity risk also referred to as funding risk, is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Fund's listed securities are considered readily realizable, as they are listed on the Thailand stock exchange. In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments.

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 Financial instruments (Continued)**

**(d) Liquidity risk (Continued)**

The Fund does invest in derivative contracts traded over the counter, which are not traded in an organized market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

In order to match the liquidity of investors in the Fund to the liquidity of the Fund's underlying portfolio, redemptions of shares in the Fund are controlled via the class of shares held. Redemptions by shareholders will be permitted as of the last business day in Dublin of each month upon written notice received by the Fund before 5:00 p.m. Dublin time on the last day of the applicable month. Class A or Class B shareholders must request such redemptions pursuant to notice which must be received no later than the last day of the month preceding the month in which the redemption occurs. Class C shareholders must request such redemptions pursuant to notice which must be received at least three months prior to the redemption date. Class D shareholders must request such redemptions pursuant to notice which must be received at least six months prior to the redemption date.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis.

The table below analyzes the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 month US\$	1-3 months US\$	3-6 months US\$
At December 31, 2009			
Amounts due to brokers	3,237	-	-
Financial liabilities at fair value through profit and loss	571,555	-	-
Management fee payable	82,273	-	-
Share redemptions payable	21,421,921	-	-
Accrued expenses	86,338	-	-
Net assets attributable to holders of redeemable common shares	-	98,141,584	-
<b>Total liabilities</b>	<b>22,165,324</b>	<b>98,141,584</b>	<b>-</b>

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)

10 Financial instruments (Continued)

(d) Liquidity risk (Continued)

	Less than 1 month US\$	1-3 months US\$	3-6 months US\$
At December 31, 2008			
Amount due to brokers	1,839,459	-	-
Financial liabilities at fair value through profit and loss	1,212,650	-	-
Management fee payable	122,034	-	-
Accrued expenses	115,131	-	-
Net assets attributable to holders of redeemable common shares	-	116,007,620	12,033,665
Total liabilities	3,289,274	116,007,620	12,033,665

(e) Currency risk

The Fund holds assets denominated in currencies other than the US\$, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund's policy is generally to enter into currency hedging so as to be exposed only to company-specific risk.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's currency position on a weekly basis.

Concentration of assets and liabilities at 31 December 2009

	Monetary	Non-monetary	Forwards	Total
THB	2,374,404	85,020,619	-	87,395,023
SGD	(3,237)	13,011,641	-	13,008,404
Total	2,371,167	98,032,260	-	100,403,427

**THAI FOCUSED EQUITY FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2009 (CONTINUED)**

**10 Financial instruments (Continued)**

**(c) Currency risk (Continued)**

At 31 December 2009 the Fund has no open forward contracts.

**Concentration of assets and liabilities at 31 December 2008**

	<u>Monetary</u>	<u>Non-monetary</u>	<u>Forwards</u>	<u>Total</u>
THB	10,315,445	65,135,190	(49,240,768)	26,209,867
SGD	(220,709)	8,013,394	(11,486,192)	(3,693,507)
EUR	(77)	-	-	(77)
Total	<u>10,094,659</u>	<u>73,148,584</u>	<u>(60,726,960)</u>	<u>22,516,283</u>

At 31 December 2008 the Fund had contracted to buy and sell the following amounts in respect of foreign currencies.

Forward Contracts

<u>Maturity Date</u>	<u>Purchase currency</u>	<u>Amount bought</u>	<u>Sale Currency</u>	<u>Amount sold</u>	<u>Unrealised gain USD</u>
09 April 2009	USD	49,240,768	THB	1,704,740,000	759,232
30 April 2009	USD	11,486,192	SGD	16,346,000	(486,192)
<u>Unrealised gain on open forward currency contracts</u>					<u>273,040</u>

As at the date of the Statement of Financial Position, if US\$ strengthened or weakened by 5% against the above currencies, the net assets attributable to holders of redeemable shares would have increased or decreased by approximately US\$5,020,171 (2008: US\$1,125,814).

**11 Subsequent events**

From the period January 1, 2010 to February 28, 2010 the Fund had subscriptions of US\$494,282 and redemptions of US\$1,293,403.

**12 Approval of financial statements**

The financial statements were approved by the Directors and authorised for issue on 7 April 2010.

**THAI FOCUSED EQUITY FUND LIMITED**

**SCHEDULE OF INVESTMENTS (Unaudited)  
AS AT 31 DECEMBER 2009**

<b>Equities</b>	<b>Holding</b>	<b>Fair value US\$</b>	<b>% of net assets</b>
<b>Advertising</b>			
Master Ad PCL	8,368,600	772,409	0.78
<b>Subtotal</b>		<u>772,409</u>	<u>0.78</u>
<b>Auto Parts &amp; Equipment</b>			
Goodyear Thailand PCL	57,400	436,907	0.44
Somboon Advance Technology PCL	7,879,900	3,117,012	3.18
Thai Steel Cable PCL	4,431,500	929,592	0.95
<b>Subtotal</b>		<u>4,483,511</u>	<u>4.57</u>
<b>Banks</b>			
Bangkok Bank PCL	92,800	322,589	0.33
Kasikornbank PCL	314,800	801,858	0.82
Siam Commercial Bank PCL	148,500	386,047	0.39
<b>Subtotal</b>		<u>1,510,494</u>	<u>1.54</u>
<b>Beverages</b>			
Serm Suk PCL	162,200	80,201	0.08
<b>Subtotal</b>		<u>80,201</u>	<u>0.08</u>
<b>Chemicals</b>			
Indorama Polymers PCL	43,195,500	16,827,735	17.15
PTT Chemical PCL	80,000	177,405	0.18
<b>Subtotal</b>		<u>17,005,140</u>	<u>17.33</u>

THAI FOCUSED EQUITY FUND LIMITED

SCHEDULE OF INVESTMENTS (Unaudited, continued)  
AS AT 31 DECEMBER 2009

Equities	Holding	Fair value US\$	% of net assets
<b>Coal</b>			
Banpu PCL	460,004	7,940,135	8.10
<b>Subtotal</b>		<b>7,940,135</b>	<b>8.10</b>
<b>Computers</b>			
Advanced Information Technology PCL	172,700	124,725	0.13
Advanced Information Technology PCL	508,600	367,314	0.37
<b>Subtotal</b>		<b>492,039</b>	<b>0.50</b>
<b>Cosmetics/Personal Care</b>			
DSG International Thailand PCL	903,100	194,855	0.20
<b>Subtotal</b>		<b>194,855</b>	<b>0.20</b>
<b>Distribution/Wholesale</b>			
White Group PCL	54,000	81,316	0.08
<b>Subtotal</b>		<b>81,316</b>	<b>0.08</b>
<b>Diversified Financial Services</b>			
Asia Plus Securities PCL	1,245,500	63,451	0.06
Bualuang Securities PCL	110,000	37,579	0.04
Tisco Financial Group PCL	7,816,500	5,668,543	5.78
<b>Subtotal</b>		<b>5,769,573</b>	<b>5.88</b>
<b>Electrical Components &amp; Equipment</b>			
Asian Insulators PCL	8,588,400	967,707	1.00
<b>Subtotal</b>		<b>967,707</b>	<b>1.00</b>

**THAI FOCUSED EQUITY FUND LIMITED**

**SCHEDULE OF INVESTMENTS (Unaudited, continued)  
AS AT 31 DECEMBER 2009**

<b>Equities</b>	<b>Holding</b>	<b>Fair value US\$</b>	<b>% of net assets</b>
<b>Electronics</b>			
Delta Electronics Thai PCL	6,540,400	3,645,533	3.71
Hana Microelectronics PCL	464,600	289,592	0.30
<b>Subtotal</b>		<b>3,935,125</b>	<b>4.01</b>
<b>Food</b>			
Thai Union Frozen Products PCL	480,600	435,665	0.44
<b>Subtotal</b>		<b>435,665</b>	<b>0.44</b>
<b>Home Builders</b>			
Asian Property Development PCL	11,556,500	1,991,306	2.03
<b>Subtotal</b>		<b>1,991,306</b>	<b>2.03</b>
<b>Iron/Steel</b>			
MCS Steel PCL	10,790,500	1,390,445	1.41
<b>Subtotal</b>		<b>1,390,445</b>	<b>1.41</b>
<b>Lodging</b>			
Minor International PCL	1,272,582	430,931	0.44
<b>Subtotal</b>		<b>430,931</b>	<b>0.44</b>
<b>Metal Fabricate/Hardware</b>			
SNC Former PCL	2,863,300	549,150	0.56
<b>Subtotal</b>		<b>549,150</b>	<b>0.56</b>

**THAI FOCUSED EQUITY FUND LIMITED**

**SCHEDULE OF INVESTMENTS (Unaudited, continued)  
AS AT 31 DECEMBER 2009**

<b>Equities</b>	<b>Holding</b>	<b>Fair value US\$</b>	<b>% of net assets</b>
<b>Mining</b>			
Padaeng Industry PCL	27,514,900	17,232,886	17.56
<b>Subtotal</b>		<u>17,232,886</u>	<u>17.56</u>
<b>Oil &amp; Gas</b>			
PTT Exploration & Production PCL	1,390,400	6,124,926	6.24
PTT PCL	327,300	2,412,820	2.46
Mermaid Maritime PCL	21,633,200	13,165,624	13.41
<b>Subtotal</b>		<u>21,703,370</u>	<u>22.11</u>
<b>Real Estate</b>			
LPN Development PCL	21,808,200	4,640,043	4.7
Preuksa Real Estate PCL	13,098,700	6,987,020	7.12
<b>Subtotal</b>		<u>11,627,063</u>	<u>11.85</u>
<b>Telecommunications</b>			
Advanced Info Service PCL	168,800	437,555	0.44
True Corp PCL	100	9	0.00
<b>Subtotal</b>		<u>437,564</u>	<u>0.44</u>
<b>Total Equities</b>		<u><b>99,030,885</b></u>	<u><b>100.91</b></u>
<b>Total financial assets at fair value through profit or loss</b>		<u><b>99,030,885</b></u>	<u><b>100.91</b></u>

**THAI FOCUSED EQUITY FUND LIMITED**

**SCHEDULE OF INVESTMENTS (Unaudited, continued)  
AS AT 31 DECEMBER 2009**

	Holding	Fair value US\$	% of net assets
<b>Equities (short)</b>			
Thoresen Thai Agencies PCL	(280,800)	(229,302)	(0.23)
Land and Houses PCL	(1,824,000)	(344,357)	(0.35)
<b>Total Equities (short)</b>		<u>(573,659)</u>	(0.58)
<b>Total financial liabilities at fair value through profit or loss</b>		<u>(573,659)</u>	(0.58)
Total investments, net		<b>98,457,226</b>	100.33
Other net losses attributable to holders of redeemable shares		<b>(315,642)</b>	(00.33)
Total net assets attributable to holders of redeemable shares		<u><b>98,141,584</b></u>	100