

THAI FOCUSED EQUITY FUND LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2003

THAI FOCUSED EQUITY FUND LIMITED

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THAI FOCUSED EQUITY FUND LIMITED

ADMINISTRATION

Directors

Douglas E. Barnett
Kieron J. O'Rourke (Resigned on 23rd October 2003)
Paul Smith
Lau Chung Wei Wayne (Appointed on 23rd October 2003)

Investment Manager

Quest Management, Inc.
c/o Wayne Lau
255 Arcadia Rd.
Unit # 14-24
Singapore

Administrator, Registrar and Company Secretary

Bank of Bermuda (Cayman) Limited
3rd Floor, 36C Bermuda House
Dr Roy's Drive
George Town, Grand Cayman
Cayman Islands
British West Indies

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

Custodian

Bermuda Trust (Far East) Limited
39/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Registered Office

c/o HWR Services Limited
Craigmuir Chambers
P.O. Box 71
Road Town
Tortola, British Virgin Islands

Auditors

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

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

We have audited the accompanying balance sheet of Thai Focused Equity Fund Limited (the "Fund") as of 31st December 2003 and the related income statement and cash flow statement and statement of changes in shareholders' equity for the year then ended. These financial statements, set out on pages 3 to 20, are the responsibility of the directors.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31st December 2003 and its net income, cash flows and change in shareholders' equity for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 May 2004

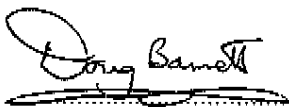
THAI FOCUSED EQUITY FUND LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

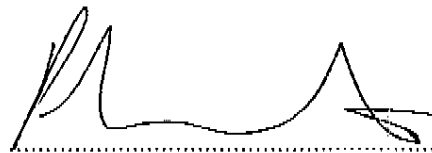
	Note	2003 US\$	2002 US\$
Income			
Dividends (net of withholding tax)		2,917,133	882,338
Bank interest		66,561	137,115
Bond interest (net of withholding tax)		-	2,422
Other income		720	426,760
		-----	-----
		2,984,414	1,448,635
		-----	-----
Expenses			
Investment management fee	3(a)	1,220,111	552,417
Incentive fee	3(b)	26,038,710	1,870,837
Custodian fee	3(c)	105,544	46,850
Administration fee	3(d)	115,358	55,250
Directors' fee	3(e)	1,010	3,010
Transactions handling fee	3(c)	71,475	104,314
Auditors' remuneration		27,000	26,000
Legal and professional fee		56,950	23,718
Stock borrowing fee		62,945	57,046
Interest expenses		6,199	7,964
Other operating expenses		12,987	15,971
		-----	-----
		27,718,289	2,763,377
		-----	-----
Net operating loss		(24,733,875)	(1,314,742)
		=====	=====
Realized and unrealized gains on investments			
Net realized gains on investments		53,231,977	7,855,040
Net change in unrealized gains on investments		96,249,384	5,268,764
Net realized losses on forward foreign exchange contracts		(1,862,417)	(579,260)
Net change in unrealized (losses)/gains on forward foreign exchange contracts		(202,528)	37,119
Foreign exchange losses		(7,687)	(190,336)
		-----	-----
		147,408,729	12,391,327
		-----	-----
Net income for the year		122,674,854	11,076,585
		-----	-----

THAI FOCUSED EQUITY FUND LIMITED**BALANCE SHEET
AS AT 31ST DECEMBER 2003**

	Note	2003 US\$	2002 US\$
Assets			
Investments, available for sale	5	198,220,636	46,254,160
Deposits with brokers	6	4,759,027	4,082,035
Amounts receivable from brokers		3,199,332	1,285,387
Dividend receivables		2,444	2,223
Interest receivables		1,309	1,436
Bank balances		49,151,601	7,036,021
		<u>255,334,349</u>	<u>58,661,262</u>
Liabilities			
Amount payable on forward foreign exchange contracts		462	202,990
Investments sold, but not yet purchased, trading	5	-	869,941
Receipts in advance on subscription		1,950,000	-
Amounts payable on redemption		21,066,457	-
Amounts payable to brokers		2,015,684	706,960
Incentive fee payable		25,956,229	1,610,600
Investment management fee payable		545,589	131,823
Other payables		178,807	75,410
		<u>51,713,228</u>	<u>3,597,724</u>
Net assets		<u>203,621,121</u>	<u>55,063,538</u>
Represented by:			
Share capital	7	4,278	2,912
Share premium	8	67,280,834	41,399,471
Retained earnings		136,336,009	13,661,155
Shareholders' fund		<u>203,621,121</u>	<u>55,063,538</u>
Number of shares in issue	7	<u>427,708.1416</u>	<u>291,117.6470</u>
Net asset value per share	9	<u>476.0749</u>	<u>189.1453</u>



Director



Director

THAI FOCUSED EQUITY FUND LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	* Share capital US\$	* Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1st January 2003	2,912	41,399,471	13,661,155	55,063,538
Net income for the year	-	-	122,674,854	122,674,854
Issue of share capital	1,875	49,138,384	-	49,140,259
Redemption of shares	(509)	(23,257,021)	-	(23,257,530)
	-----	-----	-----	-----
Balance at 31st December 2003	4,278	67,280,834	136,336,009	203,821,121
	-----	-----	-----	-----
Balance at 1st January 2002	2,712	37,637,569	2,584,570	40,224,851
Net income for the year	-	-	11,076,585	11,076,585
Issue of share capital	324	6,057,355	-	6,057,679
Redemption of shares	(124)	(2,295,453)	-	(2,295,577)
	-----	-----	-----	-----
Balance at 31st December 2002	2,912	41,399,471	13,661,155	55,063,538
	-----	-----	-----	-----

* Non-distributable reserves

THAI FOCUSED EQUITY FUND LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003 US\$	2002 US\$
Net income for the year	122,674,854	11,076,585
Adjustments for:		
Net realized gains on investments	(53,231,977)	(7,855,040)
Net change in unrealized gains on investments	(96,249,384)	(5,268,764)
Net change in unrealized gains on forward foreign exchange contracts	(202,528)	(37,119)
Interest income	(66,561)	(139,537)
Interest expenses	6,199	7,964
Dividends income	(2,917,133)	(882,338)
	-----	-----
	(29,986,530)	(3,098,249)
	-----	-----
Increase in deposits with brokers	(1,913,945)	(1,516,422)
Increase in amounts receivable from brokers	(676,992)	(1,033,549)
Decrease in other receivables	-	255
Increase in other payables	26,171,516	1,804,530
Interest received	66,688	138,101
Interest paid	(6,199)	(7,964)
Dividends received	2,916,912	880,115
	-----	-----
Net cash inflow from operating activities	26,557,980	265,066
	-----	-----
Cash flows from investing activities		
Purchase of investments	(279,347,962)	(108,519,179)
Sale of investments	275,992,906	111,577,738
	-----	-----
Net cash (outflow)/inflow from investing activities	(3,355,056)	3,058,559
	-----	-----
Cash flows from financing activities		
Increase in receipts in advance on subscription	1,950,000	-
Issue of shares	49,140,259	6,057,679
Payment on redemption of shares	(2,191,073)	(2,295,577)
	-----	-----
Net cash inflow from financing activities	48,899,186	3,762,102
	-----	-----

THAI FOCUSED EQUITY FUND LIMITED

**CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003 US\$	2002 US\$
Increase in cash and cash equivalents	42,115,580	3,987,478
Cash and cash equivalents at 1st January	7,036,021	3,048,543
	- - - - -	- - - - -
Cash and cash equivalents 31st December	49,151,601	7,036,021
	- - - - -	- - - - -
Analysis of balances of cash and cash equivalents:		
Bank balances	49,151,601	7,036,021
	- - - - -	- - - - -

Please refer to note 3 and 7 to the financial statements for details of certain non-cash transactions.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 General

Thai Focused Equity Fund Limited (the “Fund”) was incorporated in the British Virgin Islands on 5th September 1997 and commenced operations on 21st 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, 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 of a non-publicly traded issuer. The Fund may sell securities short and employ leverage when deemed appropriate. The investment manager of the Fund is Quest Management, Inc. (the “Investment Manager”), a British Virgin Islands company. 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.

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 are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention as modified by the fair valuation of investments. The measurement currency of the Fund is United States dollars (“US\$”) reflecting the fact that the investor and manager shares are denominated in US dollars.

(b) Investments

The Fund classifies its investment securities into the following two categories: trading and available-for-sale. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. All other investments are classified as trading. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

All securities are initially recognized at cost and are subsequently re-measured at fair value based on the prices quoted on the relevant stock exchanges or over-the-counter markets on which they are traded and translated into United States dollars at the exchange rates ruling at the balance sheet date. Gains and losses arising from changes in the fair value of available-for sale and trading securities are recognized in the income statement as they arise.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Principal accounting policies (continued)

(b) Investments (continued)

If the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund's Board of Directors (the "Board") may, in its sole and absolute discretion, value such security at fair value, which may be greater or less than the quoted market price for such security. In establishing the fair value of the Fund's investments, the Board evaluates each investment by considering some or all of the following factors: the financial condition and operating results of the company, industry and economic data, the type of investment held, the valuation of comparable private and public companies, and other relevant factors such as actual or pending transactions in the investment held or significant events as defined by the Board. Although the Board uses its best judgment in estimating the fair value of these investments, because of the inherent uncertainty of such valuations, such estimates are not necessarily indicative of the amount which the Fund could realize in a current transaction.

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention ("regular way" purchase and sales) are recognized at trade date, which is the date on which the Fund commits to purchase or sell the asset. Realized and unrealized gains and losses on investment are recognized in the income statement.

(c) Income

Dividends receivable on quoted equity shares are brought into account 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 recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable, while income from fixed interest securities is recognized from the date of purchase of the relevant securities on an accruals basis.

Income is accounted for after deduction of withholding tax where applicable.

(d) Expenses

Interest on borrowings and other expenses are accounted for on an accruals basis.

(e) Proceeds and payments on issue and redemption of shares and equalization

The net asset value of the Fund is computed on a monthly basis.

Prices for issues of shares are based on the net asset value per investor share as of the close of business on the immediate preceding business day in Thailand. However, when investor shares are subscribed for during the course of a financial year, certain adjustments to the amount of money paid for the purchase of investor shares is necessary. 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. Such adjustments are usually made at the end of the relevant financial year or at redemptions, whichever is earlier and are usually made by way of adjustment in the number of shares held by the relevant shareholders.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Principal accounting policies (continued)

(e) Proceeds and payments on issue and redemption of shares and equalization (continued)

Prices for redemption of shares are based on the net asset value after deduction of the basic management fees and incentive fees attributable to the shares redeemed. At redemption, shareholders will be paid the net asset value of the shares on the date of redemption with appropriate adjustment to ensure 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.

Proceeds and payments for shares issued and redeemed are shown in the statement of changes in shareholders' equity.

(f) Translation of foreign currencies

All monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into United States dollars at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are translated into United States dollars at the rates of exchange ruling at the transaction dates. Realized and unrealized gains and losses on translations of transactions and balances denominated in foreign currencies are dealt with through the income statement.

(g) Forward foreign exchange contracts

Forward foreign exchange contracts are initially recognized in the balance sheet at cost and subsequently are re-measured at their fair value representing the difference between the forward rate of exchange as applicable to outstanding term 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.

(h) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise bank balances net of bank overdrafts.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Fees

(a) Investment management fee

Under the investment management agreement entered into between the Investment Manager and the Fund on 5th September 1997, as amended, the Investment Manager is entitled to receive an investment management fee for any financial quarter at a quarterly rate of 0.25% (i.e. 1.0% per annum) of the Fund's net asset value attributable to the investor shares (Class A) and manager shares (Class B) and at a quarterly rate of 0.375% (i.e. 1.5% per annum) of the Fund's net asset value attributable to the investor shares (Class C) during such quarter, computed without regard to any accrued incentive allocation for such year. The investment management fee is calculated and accrued as of the end of each month and is payable on a quarterly basis.

The Fund may, in its sole discretion, in effect waive or reduce the investment management fee to be paid by certain shareholders affiliated with the Investment Manager or certain large shareholders, such waiver being effected by way of issue of shares. For the year ended 31st December 2003, 145.0343 (2002: 187.7049) shares equivalent to US\$69,047 (2002: US\$35,474) representing the shares equivalent of the investment management fee waived by the Fund were issued to the relevant shareholders.

(b) Incentive fee

The Investment Manager is allocated an incentive allocation for each financial year equal to 20% of the net income (including net realised and unrealised gains), if any, during such financial year allocable to each common share.

If a common share has a loss chargeable to it during any financial year and during a subsequent year there is a profit allocable to the common share, there will be no incentive allocation with respect to the common share until the amount of the loss previously allocated to the common share has been recouped.

When new shareholders subscribe at a net asset value higher than the net asset value at which the incentive fee was last calculated (the "high water mark"), units equivalent to the incentive fee 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. Accordingly, for the year ended 31 December 2003, 7,037.3447 (2002: 399.3638) shares equivalent to US\$3,350,303 (2002: 75,475) were issued to the relevant shareholders.

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 fee 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. For the year ended 31 December 2003, there were no shares (2002: 2,258.1316 shares equivalent to US\$426,760) redeemed from the relevant shareholders.

The Fund 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. Accordingly, for the year ended 31st December 2003, 7,353.4038 (2002: 898.6915) shares equivalent to US\$3,500,771 (2002: US\$169,842) representing the shares equivalent of the incentive fee waived by the Fund were issued to the relevant shareholders.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 Fees (continued)

(c) Custodian fees

Bermuda Trust (Far East) Limited (the “Custodian”) is the custodian of the assets of the Fund pursuant to an agreement entered into between the Fund and the Custodian on 24th May 1999, as amended. Effective from 28th October 2003, the Custodian is entitled to receive a fee, payable quarterly in arrears, at the following annual rates of the Fund’s monthly net asset value and subject to a minimum fee of US\$10,000 per annum:

- 0.09% per annum for the first US\$100 million of the net asset value
- 0.07% per annum for the next US\$150 million of the net asset value
- 0.06% per annum for the next US\$50 million of the net asset value
- 0.05% per annum for any amount of the net asset value exceeds US\$300 million

Prior to 28th October 2003, the Custodian is entitled to receive a fee, payable quarterly in arrears, at the rate of 0.09% per annum of the Fund’s monthly net asset value, subject to a minimum fee of US\$10,000 per annum.

The Custodian is also entitled to receive a transaction handling fee which is charged at US\$50 for each investment transaction.

(d) Administration fee

The Fund entered into an agreement with Bank of Bermuda (Cayman) Limited (the “Administrator”) to perform general administrative services for the Fund. Effective from 28th October 2003, the fee is payable quarterly in arrears and accrued on a monthly basis as calculated based on the monthly net asset value of the Fund at the following annual rates of Fund’s monthly net asset value and subject to a minimum fee of US\$20,000 per annum:

- 0.10% per annum on the first US\$100 million of the net asset value
- 0.08% per annum on the next US\$50 million of the net asset value
- 0.07% per annum on the next US\$50 million of the net asset value
- 0.06% per annum on the next US\$50 million of the net asset value
- 0.05% per annum on the next US\$250 million of the net asset value

Prior to 28th October 2003, the fee is payable quarterly in arrears and accrued on a monthly basis as calculated based on the monthly net asset value of the Fund at the rate of 0.1% per annum, subject to a minimum fee of US\$20,000 per annum.

(e) Directors’ fee

The directors, other than the Investment Manager or its affiliates, are entitled to compensate for directors’ fee with respect to services in their capacity as directors. Directors’ fee for the year ended 31st December 2003 amounted to US\$1,010 (2002: US\$3,010).

4 Taxation

The Fund is not subject to any income, withholding or capital gains taxes in the British Virgin Islands.

The Fund has filed with the United States Internal Revenues Service to elect to be treated as a partnership for United States federal income tax purposes.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 Taxation (continued)

The fund is not subject to income taxes in Thailand.

Foreign entities such as the fund are generally subject to a 15% withholding tax in Thailand on capital gains. However, the Fund has been advised 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 Fund has structured its investments such that it will not be subject to the 15% withholding tax on capital gains. This is accomplished by using a nominee arrangement for the Fund's shareholdings. 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 and 10% on dividends. The directors have assessed such exposure and concluded that the risk of the fund becoming liable to Thai withholding tax is remote based on the advice received and therefore no provision 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. Dividends income earned by the Fund from equity securities that are publicly traded on the Stock Exchange of Thailand are generally subject to withholding tax. Total withholding tax paid and payable for the year amounted to US\$257,932 (2002: US\$20,186).

5 Investments

	2003 US\$	2002 US\$
Long position		
Equities, available-for-sale	195,269,333	45,532,380
Warrants, available-for-sale	2,951,303	721,780
	-----	-----
At fair value	198,220,636	46,254,160
	-----	-----
At Cost	96,105,161	39,518,129
	-----	-----
Short position		
Equities, trading, at fair value	-	869,941
	-----	-----
Proceeds	-	834,062
	-----	-----

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 Investments (continued)

As at 31st December 2003, the Fund's investments in the following listed equities exceeded 10% of the issued share capital of the underlying investee companies:

	2003		2002	
	Fair value US\$	% of holding in investee company	Fair value US\$	% of holding in investee company
} Internet Thailand Public Co. Ltd. (Foreign)	10,273,413	17.69%	384,197	16.64%
	Internet Thailand Public Co. Ltd. (NVDR)	177,210	3,915,940	
	-----		-----	
	10,450,623		4,300,137	
	-----		-----	

Investments held by the Fund are charged to a related company of the Custodian, by way of floating charges, for credit facilities provided to the Fund. As at 31st December 2003 and 31st December 2002, no credit facilities were utilized.

6 Deposits with brokers

Included under deposits with brokers is US\$4,638,670 (2002: US\$2,074,170) maintained with Goldman Sachs International which was pledged as collateral for securities borrowed.

7 Share capital

The authorised share capital of the Fund consists of three classes of common stocks – investor shares (Class A), manager shares (Class B) and investor shares (Class C). The investor shares are subscribed to by investors. The manager shares, are subscribed to solely by the Investment Manager or its affiliates, and are identical to investor shares except that the manager shares are entitled to the incentive allocation as described in note 3(c) to the financial statements. Investor shares (Class C) were introduced during the year and are identical to investor shares (Class A) except that the investor shares (Class C) are charged an investment management fee at 1.5% per annum on the monthly net asset value and are subject to a three month notice period with respect to redemptions (Investor shares (Class A) are subject to an investment management fee at 1% and a redemption notice period of one month).

Please also refer to note 3 for the details of certain movements in the shareholders' equity in relation to the investment management fee and incentive fee.

Pursuant to written resolutions dated 2 February 2003, the authorised number of manager shares (Class B) was increased from 10,000 to 50,000.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 Share capital (continued)

	2003 US\$	2002 US\$
Authorised:		
5,000,000 (2002: 5,000,000) investor shares(Class A) of US\$0.01 each	50,000	50,000
50,000 (2002: 10,000) manager shares(Class B) of US\$0.01 each	500	100
5,000,000 (2002: Nil) investor shares(Class C) of US\$0.01 each	50,000	-
	-----	-----
	100,500	50,100
	-----	-----
Issued and fully paid:		
309,681.6042 (2002: 282,458.0198) investor shares (Class A)	3,096	2,825
10,103.5174 (2002: 8,659.6272) manager shares (Class B)	102	87
107,922.0205 (2002: Nil) investor shares (Class C)	1,080	-
	-----	-----
	4,278	2,912
	-----	-----
	2003 Number of shares	2003 Nominal value US\$
<u>Investor shares (Class A)</u>		
Balance at 1st January 2003	282,458.0198	2,825
Shares issued	183,659.3752	1,836
Shares transferred to investor shares (Class C)	(105,554.9300)	(1,056)
Shares redeemed	(50,879.8613)	(509)
	-----	-----
Balance at 31st December 2003	309,682.6037	3,096
	-----	-----
<u>Manager shares (Class B)</u>		
Balance at 1st January 2003	8,659.6272	87
Shares issued	1,443.8902	15
	-----	-----
Balance at 31st December 2003	10,103.5174	102
	-----	-----
<u>Investor shares (Class C)</u>		
Shares transferred from investor shares (Class A)	105,554.9300	1,056
Shares issued	2,367.0905	24
	-----	-----
Balance at 31st December 2003	107,922.0205	1,080
	-----	-----
Total at 31st December 2003	427,708.1416	4,278
	-----	-----
	2002 Number of Shares	2002 Nominal value US\$
<u>Investor shares (Class A)</u>		
Balance at 1st January 2002	263,586.5182	2,636
Shares issued	31,351.3770	314
Shares redeemed	(12,479.8754)	(125)
	-----	-----
Balance at 31st December 2002	282,458.0198	2,825
	-----	-----

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 Share capital (continued)

	2002 Number of Shares	2002 Nominal value US\$
<u>Manager shares (Class B)</u>		
Balance at 1st January 2002	7,567.8627	76
Shares issued	1,097.4952	11
Shares redeemed	(5.7307)	-
	-----	-----
Balance at 31st December 2002	8,659.6272	87
	-----	-----
Total at 31st December 2002	291,117.6470	2,912
	-----	-----

Offering of investor shares

The Fund offers its investor shares to a limited number of sophisticated investors who meet the requirements set forth in the Fund's Subscription Agreement. In general, investor shares may be purchased on the first day of each month and on such other dates as determined by the Board of Directors.

Prices for issues of shares are based on the net asset value per investor share as of the close of business on the immediate preceding business day in Thailand. However, when investor shares are subscribed for during the course of a financial year, certain adjustments to the amount of money paid for the purchase of investor shares is necessary. 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. Such adjustments are usually made at the end of the relevant financial year or at redemptions, whichever is earlier and are usually made by way of adjustment in the number of shares held by the relevant shareholders.

Redemptions of investor shares

Any shareholder of investor shares has the right, in accordance with and subject to the applicable provisions of the Articles of Association of the Fund and the laws of the British Virgin Islands, to have all or a portion of his shares redeemed as of the last day of any month or at other times at the discretion of the Board of Directors.

Prices for redemption of shares are based on the net asset value after deduction of the basic management fees and incentive fees attributable to the shares redeemed. At redemption, shareholders will be paid the net asset value of the shares on the date of redemption with appropriate adjustment to ensure 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.

Payment in United States dollars of the redemption value will be made as soon as practicable but, except in cases where share certificates and share transfers are not delivered, the shareholder will receive redemption value no later than thirty days following the date of redemption.

Under certain circumstances defined in the Fund's Offering Memorandum, the Fund's Board of Directors may suspend redemptions or redeem all or a part of a shareholder's common shares. Payment of any compulsory redemption will be made in accordance with procedures applicable to common shares which is redeemed at the request of the shareholder.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 Share capital (continued)

Special conversion rights

At the end of each fiscal year, if the combined gross assets under management attributable to the investor shares (Class A) and manager shares (Class B) exceeds \$150 million, investor shares (Class A) equal to each investor (Class A) shareholder's pro rata share of such excess shall be, at the shareholder's option, (i) redeemed pursuant to the terms of redemption set forth above or (ii) reinvested in investor shares (Class C) subject to the Investment Manager's discretion to determine otherwise.

For purposes of determining the final redemption and reinvestment amounts, the Fund shall use the amount of assets under management attributable to the investor shares (Class A) and manager shares (Class B) as of 31st December of such year.

If the total value of the investor shares (Class A) and manager shares (Class B) fall below \$150 million, investor (Class C) shareholders (regardless of whether such shareholder is also a investor (Class A) shareholder or previously participated in a conversion from investor shares (Class A) to investor shares (Class C)) shall have the right to reinvest its investor shares (Class C), equaling the shareholder's pro rata share of the amount falling below \$150 million, in investor shares (Class A) as of 31st December of such year.

8 Share premium

	2003 US\$	2002 US\$
Balance at 1st January	41,399,471	37,637,569
Proceeds on issue of shares	49,140,259	6,057,679
Payment on redemption of shares	(23,257,530)	(2,295,577)
Less: nominal value of shares issued/redeemed (note 7)	(1,366)	(200)
	-----	-----
Balance at 31st December	67,280,834	41,399,471
	-----	-----

Please also refer to note 3 for the details of certain movements in the shareholders' equity in relation to the investment management fee and incentive fee.

9 Net asset value per share

The calculation of net asset value per share is based on the assets of US\$203,621,121 (2002: US\$55,063,538) and the number of shares in issue at the year end being 427,708.1415 (2002: 291,117.6470).

10 Related party and affiliated transactions

The following is a summary of significant related party and affiliated transactions in addition to those disclosed in notes 3 and 5 to the financial statements, which were carried out in the normal course of the Fund's business:

Investment by principal

The Principal participates in the performance of the Fund by investing in the Fund. The Principal has informed the Fund that at 31st December 2003, the partners of Quest Management, Inc. hold a total investment in the Fund of 19,638.2584 shares (2002: 19,207.5797), equivalent to approximately US\$15,129,537 (2002: US\$3,630,004).

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 Securities borrowing

As at 31st December 2003, the aggregate value of securities in respect of securities borrowing transactions were:

	2003 US\$	2002 US\$
Aggregate value of securities borrowed at year end	4,859,990	3,407,395
	- - - - -	- - - - -

Certain deposits were placed with brokers as collateral for securities borrowed. Details of such deposits as at 31st December 2003 are included in note 6 to the financial statements.

12 Financial instruments

(a) Credit risk

Financial assets which potentially subject the Fund to concentrations of credit risks consist of its investment portfolio, bank balances and deposits and balances with brokers. The Fund's portfolio may not generally be diversified at all times. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among securities, companies, countries or industry groups.

Investments in securities of companies which are generally denominated in non-U.S. currencies, and investment on non-U.S. currencies involve certain consideration comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates, exchange controls and other regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than are generally the case in the United States; higher transaction costs; less government supervision of stock exchange, brokers and issuers; difficulty in enforcing contractual obligations; lack of uniform accounting and auditing standards; market volatility.

Cash at bank and deposits with brokers are placed with reputable financial institutions. Amounts due from brokers are from reputable brokerage houses.

(b) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. A summary of the Fund's net assets by major currency, other than United States dollars, is shown below:

	2003 US\$	2002 US\$
Thai Baht	199,527,089	47,182,711
	- - - - -	- - - - -

The Fund generally enters into forward foreign exchange contracts in order to manage its net exposure to fluctuations in foreign currency exchange rates. The Fund's holding in short position of Thai Baht denominated investments also effectively reduces the Fund's overall currency risk. Please refer to note (c) below for details of outstanding forward foreign exchange contracts.

THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Financial instruments (Continued)

(c) Off-balance sheet risks

The Fund enters into investment transactions which may represent both off-balance sheet market risks and off-balance sheet credit risks. An off-balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment, as reflected on the Fund's balance sheet. Off-balance sheet credit risk exists, among other situations, when the collateral received by the Fund from the counterparty to an agreement with the Fund proves to be insufficient to cover the Fund's losses resulting from a default by the counterparty of its obligation to perform under the terms of the agreement. Transactions in the following instruments represent off-balance sheet market and credit risks associated with the Fund's current and/or future portfolio.

Securities sold short

The Fund may sell borrowed securities which are subsequently repurchased and returned to the lender, thereby creating a liability to repurchase the security in the market at prevailing prices. Short selling allows the investor to profit from declines in market prices. The value of such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions result in off-balance sheet risk as the Fund's ultimate obligation to satisfy the delivery of securities sold short may exceed the amount which may be reflected on the balance sheet. However, the Fund generally shorts local versus foreign shares of the same security as a hedge so that the only amount at risk is the local/foreign spread.

At 31st December 2003, there were no outstanding short sale positions (2002: US\$869,941). The net realised loss on short sales for the year is US\$301,891 (2002: US\$625,872).

(c) Off-balance sheet risks (continued)

Forward foreign exchange contracts

The Fund generally enters into forward foreign exchange contracts in order to manage its net exposure to fluctuations in foreign currency exchange rates. The Fund does not use the forward foreign exchange contracts for speculative purposes.

Outstanding forward foreign exchange contracts as at 31st December 2003 were as follows:

Contracts to deliver	In exchange for	Settlement date
THB46,243,890	US\$1,166,302	5th January 2004
THB 26,429,145	US\$666,561	6th January 2004
-----	-----	
THB 72,673,035	US\$1,832,863	
-----	-----	

Outstanding forward foreign exchange contracts as at 31st December 2002 were as follows:

Contracts to deliver	In exchange for	Settlement date
THB 914,697,000	US\$21,000,000	19th April 2002
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THAI FOCUSED EQUITY FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Financial instruments (continued)

(d) Fair value

As at 31st December 2003 and 2002, in the opinion of the directors, the carrying amounts of investments, investment sold but not yet purchased, bank balance, deposit with brokers, amount receivable from or payable to brokers, other receivables and payables approximated their fair values.

13 Approval of financial statements

The financial statements were approved by the directors on 19 May 2004

THAI FOCUSED EQUITY FUND LIMITED

**SCHEDULE OF INVESTMENTS
AS AT 31ST DECEMBER 2003**

	Holding	Fair value US\$	% of net assets
Investments, long position			
Thailand - listed			
<u>Equities</u>			
Building/Construction Material			
Siam Cement Public Co. Ltd. (NVDR)	3,238,500	20,751,236	10.19
Quality Construction Product Public Co. Ltd. (Foreign)	40,000	8,073	0.00
Subtotal		20,759,309	10.19
Computer/Software			
Internet Thailand Public Co. Ltd. (Foreign)	43,323,200	10,273,413	5.05
Internet Thailand Public Co. Ltd. (NVDR)	747,300	177,210	0.09
Subtotal		10,450,623	5.13
Electronic			
Hana Microelectronics Public Co. Ltd. (Foreign)	2,182,900	6,883,514	3.38
Hana Microelectronics Public Co. Ltd. (NVDR)	181,200	571,393	0.28
Subtotal		7,454,907	3.66
Energy			
Banpu Public Co. Ltd. (Foreign)	7,800,977	25,189,835	12.37
Finance			
Krung Thai Card Public Co. Ltd. (NVDR)	420,500	381,887	0.19
Krung Thai Card Public Co. Ltd. (Foreign)	11,479,600	10,425,469	5.12
Mida Assets Public Co. Ltd. (NVDR)	108,500	75,955	0.04
Mida Assets Public Co. Ltd. (Foreign)	12,904,000	9,033,451	4.44
National Finance Public Co. Ltd. (Foreign)	672,000	283,108	0.14
National Finance Public Co. Ltd. (NVDR)	1,922,500	809,933	0.40
Subtotal		21,009,803	10.33
Manufacturing			
Fancy Wood Industries Public Co. Ltd. (Foreign)	24,993,000	5,516,871	2.71

THAI FOCUSED EQUITY FUND LIMITED

**SCHEDULE OF INVESTMENTS (CONTINUED)
AS AT 31ST DECEMBER 2003**

	Holding	Fair value US\$	% of net assets
Packaging			
A.J. Plast Public Co. Ltd. (Foreign)	8,808,600	1,533,283	0.75
Property			
Asian Property Development Public Co. Ltd. (Foreign)	74,128,900	10,752,805	5.28
Raimon Land Public Co. Ltd. (Foreign)	20,939,800	834,634	0.41
Subtotal		11,587,439	5.69
Telecommunication			
Advanced Information Service Public Co. Ltd (Foreign)	12,381,400	26,549,420	13.04
Telecomasia Corporation Public Co. Ltd (Foreign)	100	18	0.00
Subtotal		26,549,438	13.04
Bank			
Siam City Bank Public Co. Ltd. (Local)	2,350,000	320,131	0.16
Transportation			
Regional Container Line Public Co. Ltd. (Foreign)	30,081,400	15,708,501	7.71
Thoresen Thai Agencies Public Co. Ltd. (Foreign)	48,886,400	48,106,953	23.63
Thoresen Thai Agencies Public Co. Ltd. (NVDR)	1,100,000	1,082,240	0.53
Subtotal		64,897,694	31.87
		195,269,333	95.90
<u>Warrants</u>			
Bank			
Siam City Bank Public Co. Ltd. (Foreign)	3,600,000	490,414	0.24

THAI FOCUSED EQUITY FUND LIMITED

**SCHEDULE OF INVESTMENTS (CONTINUED)
AS AT 31ST DECEMBER 2003**

	Holding	Fair value US\$	% of net assets
Computer/Software			
Internet Thailand Public Co. Ltd.(Foreign)	14,323,166	1,472,424	0.73
Internet Thailand Public Co. Ltd. (NVDR)	133,333	13,707	0.00
		-----	-----
		1,486,131	0.73
		-----	-----
Finance			
Siam Parich Lesing Public Co. Ltd (Foreign)	5,186,500	974,758	0.48
		-----	-----
		2,951,303	1.45
		-----	-----
Total investments		198,220,636	97.35
Other net assets		5,400,485	2.65
		-----	-----
Total net asset value		203,621,121	100.00
		-----	-----