

DISCUSSION AND ANALYSIS OF PERFORMANCE

RESULTS

During 2002, the Company recorded a loss after tax of US\$571,721 (compared with a loss of US\$859,247 during the previous corresponding year). During the year, the Company's dividend income from investments and bank deposits amounted to US\$214,602. Such revenue was, however, set off by a US\$428,698 realised loss on disposal of investments.

The net asset value of the Company, as at December 31, 2002, was US\$8,732,183. The net asset value per share was US\$1.75, compared with US\$1.38 as at December 31, 2001, an increase over the year of 26.81% in US\$ terms. Over the same period, the SET Index increased by 20.32% in US\$ terms, a relatively strong performance compared with the other markets in Southeast Asia. The Company, in turn, outperformed the market by 6.49%.

During the year under review, the Thai stock market showed robust gains in the first half, supported by (i) improved market sentiment due to signs of an improving U.S. economy, (ii) high excess liquidity, (iii) a low interest rate policy, and (iv) low market valuations. Thereafter, negative sentiment set in, driven by rising tension in the Middle East, disappointing U.S. corporate results and reduced domestic expectations of another interest rate cut. The market gained a second wind towards the end of the year, following the rebound in the U.S. market. Positives, domestically, included a credit rating upgrade, favourable corporate earnings momentum and another upward revision of the GDP forecast.

The Company's outperformance of the SET Index was attributable to sector allocation which had been positioned for a domestic demand driven economic recovery. The Company's increased exposure in the finance and securities sector and in the property sector, was largely responsible for the outperformance.

As at December 31, 2002, the Company was 98.29% invested in Thai equities, with the balance being held in the form of bank deposits.

The Company's underlying investments are denominated in Baht and the Company is therefore exposed to fluctuations in Baht/US\$ exchange rates. During the year, the Baht appreciated by 2.51% against the US dollar, which supported the performance.

OUTLOOK

Economic and Market Outlook

Looking into 2003, we are cautiously optimistic for continued recovery. The low interest rate environment, which has been the underlying driver of the Thai economy, is likely to remain. Inflation remains low and liquidity in the banking system remains abundant. We are seeing a forecast for 4 to 4.5% GDP growth for Thailand in 2003.

We are optimistic for favourable stock market returns for the year. In addition to growth in corporate earnings, Thai companies are also showing a better capability to generate returns for shareholders, as indicated by a rising trend in return on equity. The market is also trading at the lower end of its own historical range. Risk factors would be external developments, including the geopolitical uncertainties due to the US-Iraq conflict. Besides negative investment sentiment, high oil prices resulting from this tension will be negative for the current weak global growth.

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Company

Further to the Company's February 2002 announcement regarding the possible open ending of The Thai Asset Fund (the "Fund") over a three year period, the Company is making progress towards obtaining formal Thai regulatory approval for the conversion of the Fund from a closed ended structure to an open ended structure. The Company has, subject to obtaining all appropriate regulatory and shareholder approvals, also considered various options for returning the net proceeds of redemptions of the underlying units of the Fund to the Company's shareholders. Shareholders should refer to the separate announcement issued by the Company in this regard.

On behalf of the Board

Pichit Akkrathit

Director

Andrew Lo Tak Shing

Director

April 11, 2003