



บริษัท อาร์ ซี แอล จำกัด (มหาชน)  
Regional Container Lines Public Company Limited

## PRESS RELEASE

### FINANCIAL RESULTS FOR THE FIRST HALF OF YEAR 2003

Despite the set back by SARS in April and May, total lifting of Regional Container Lines Public Company Limited had registered an increase by 7% comparing to the same quarter last year. The turnover before exchange difference of the Group had increased by THB139 million in 2Q2003 comparing to the same quarter last year at THB3.25 billion and represented a 4% improvement. The turnover for the first half of 2003 before exchange difference stood at THB6.51 billion and is 7% more than first half of 2002. The freight income had increased by 2% from a quarter on quarter basis even with a lower lifting in 2Q2003 and which has demonstrated that rate restoration is in progress.

The cost of freight and operation for the second quarter was up by 4% at THB3.03 billion compared to THB2.90 billion for the same quarter last year. Escalating time charter hire together with relatively high bunker price had led to this increase. The cost of freight and operation for 1H2003 was 5% higher than 1H2002 at THB5.95 billion. Considered the improvement in lifting and the increased time charter and bunker expenses, the increase was very much in line and actually reflected a good level of reduction due to the cost savings measure introduced.

The group recorded a loss of exchange of THB74 million versus a gain of THB422 million for the same quarter last year. As a result, the 2Q2003 net profit was THB486 Million lower than same period last year at THB148 million. Without accounted for the exchange difference, the net profit for 2Q2003 would be at THB222 million and is 5% higher than same quarter last year. Similarly, the 1H2003 net profit prior to exchange difference would be at THB562 million and represented a 34% improvement comparing to 1H2002.

Regional Container Lines PLC  
August 13, 2003



## REGIONAL CONTAINER LINES GROUP

### QUARTERLY EARNING STATEMENTS IN US\$

(million US\$)

	1 <sup>st</sup> Quarter 2002	Half-Year 2002	9 months 2002	Yearend 2002	1 <sup>st</sup> Quarter 2003	Half-Year 2003
Freight income	67.9	140.5	214.4	287.6	73.4	149.4
Cost of freight and operations (excl. depreciatio	(52.4)	(108.7)	(167.0)	(222.7)	(57.2)	(117.7)
<b>Gross Profit</b>	<b>15.5</b>	<b>31.8</b>	<b>47.4</b>	<b>64.9</b>	<b>16.2</b>	<b>31.7</b>
<b>Gross Profit Margin</b>	<b>22.8%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>21.2%</b>
Other income	0.6	1.3	1.7	2.4	2.8	3.9
Gain on exchange	0.0	0.4	3.2	2.4	0.0	0.0
Total other income	0.6	1.7	4.9	4.8	2.8	3.9
Admin expenses	(3.8)	(8.2)	(14.1)	(18.6)	(4.5)	(9.3)
Depreciation	(5.5)	(9.7)	(14.4)	(19.2)	(4.7)	(9.4)
Loss on exchange	0.0	0.0	0.0	0.0	(0.1)	(0.5)
Loss on impairment of fixed assets	0.0	0.0	0.0	(5.5)	0.0	0.0
Loss on disposal of vessels	0.0	(1.6)	(1.6)	(1.6)	0.0	0.0
Total other expenses	(9.3)	(19.5)	(30.1)	(44.9)	(9.3)	(19.2)
Interest expenses	(3.3)	(6.5)	(10.4)	(13.5)	(2.8)	(5.5)
Profit / (loss) before taxation	3.5	7.5	11.8	11.3	6.9	10.9
Income tax	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Profit / (loss) after taxation	3.5	7.4	11.7	11.2	6.8	10.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit / (loss) attributable to members</b>	<b>3.5</b>	<b>7.4</b>	<b>11.7</b>	<b>11.2</b>	<b>6.8</b>	<b>10.8</b>

### COMPUTATION OF EBITDA

Profit / (loss) before taxation	3.5	7.5	11.8	11.3	6.9	10.9
Add: Impairment loss	0.0	0.0	0.0	5.5	0.0	0.0
Add: Interest	3.3	6.5	10.4	13.5	2.8	5.5
<b>EBIT</b>	<b>6.8</b>	<b>14.0</b>	<b>22.2</b>	<b>30.3</b>	<b>9.7</b>	<b>16.4</b>
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	5.5	9.7	14.4	19.2	4.7	9.4
<b>EBITDA</b>	<b>12.3</b>	<b>23.7</b>	<b>36.6</b>	<b>49.5</b>	<b>14.4</b>	<b>25.8</b>

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

## **Report of Independent Auditor**

To The Board of Directors and Shareholders of  
Regional Container Lines Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Regional Container Lines Public Company Limited and its subsidiaries as at 30 June 2003, and the consolidated statements of earnings for the three-month and six-month periods ended 30 June 2003 and 2002, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2003 and 2002, and the separate financial statements of Regional Container Lines Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Regional Container Lines Public Company Limited and its subsidiaries and the separate financial statements of Regional Container Lines Public Company Limited for the year ended 31 December 2002 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 14 February 2003. The balance sheet as at 31 December 2002, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited  
Bangkok: 1 August 2003

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	Note	30 June 2003	31 December 2002	30 June 2003	1 December 2002
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,474,820	1,487,596	149,600	265,235
Short-term investments in available-for-sale securities - Unit trusts		1,350,000	-	1,350,000	-
Trade accounts receivable		1,835,903	1,866,758	-	-
Less : allowance for doubtful accounts		(23,123)	(25,488)	-	-
Trade accounts receivable, net	2	1,812,780	1,841,270	-	-
Trade accounts receivable - related par	2,5	-	-	2,315,895	2,159,446
Material supplies		145,137	124,401	5,988	5,479
Other current assets		185,318	160,381	35,006	39,571
<b>Total current assets</b>		<b>4,968,055</b>	<b>3,613,648</b>	<b>3,856,489</b>	<b>2,469,731</b>
<b>Non-current assets</b>					
Property investments held for long-term invest		2,156	2,216	-	-
Investments accounted for under equity	3	105,949	97,871	1,871,546	1,553,724
Other long-term investments		35,668	33,803	-	-
Property and premises, net		2,399,918	2,498,140	23,608	24,743
Vessels and equipment, net		11,548,770	12,116,186	4,966,637	5,092,664
Other non-current assets		4,212	3,669	1,780	1,489
<b>Total non-current assets</b>		<b>14,096,673</b>	<b>14,751,885</b>	<b>6,863,571</b>	<b>6,672,620</b>
<b>TOTAL ASSETS</b>		<b>19,064,728</b>	<b>18,365,533</b>	<b>10,720,060</b>	<b>9,142,351</b>

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

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2003	31 December 2002	30 June 2003	31 December 2002
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities					
Promissory notes		-	1,000,000	-	1,000,000
Trade accounts payable		1,064,752	1,183,890	-	-
Trade accounts payable - related parties	5	-	-	34,301	31,047
Current portion of finance lease creditors		155,705	162,883	-	-
Current portion of long-term loans	4	1,120,944	1,150,751	194,696	198,642
Other current liabilities		209,055	185,744	44,696	53,328
<b>Total current liabilities</b>		<b>2,550,456</b>	<b>3,683,268</b>	<b>273,693</b>	<b>1,283,017</b>
Non-current liabilities					
Finance lease creditors, net of current portion		216,465	301,733	-	-
Long-term loans, net of current portion	4	6,287,050	7,066,579	461,019	571,592
Debentures	6	3,500,000	1,000,000	3,500,000	1,000,000
<b>Total non-current liabilities</b>		<b>10,003,515</b>	<b>8,368,312</b>	<b>3,961,019</b>	<b>1,571,592</b>
<b>Total liabilities</b>		<b>12,553,971</b>	<b>12,051,580</b>	<b>4,234,712</b>	<b>2,854,609</b>
Shareholders' equity					
Share capital					
Registered					
66,300,000 ordinary shares of Baht 10 each		663,000	663,000	663,000	663,000
Issued and paid-up					
66,300,000 ordinary shares of Baht 10 each		663,000	663,000	663,000	663,000
Share premium		3,073,190	3,073,190	3,073,190	3,073,190
Translation adjustment		728,837	785,660	728,837	785,660
Retained earnings					
Appropriated - statutory reserve		66,300	66,300	66,300	66,300
Unappropriated		1,954,021	1,699,592	1,954,021	1,699,592
<b>Equity attributable to Company's shareholders</b>		<b>6,485,348</b>	<b>6,287,742</b>	<b>6,485,348</b>	<b>6,287,742</b>
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		25,409	26,211	-	-
<b>Total shareholders' equity</b>		<b>6,510,757</b>	<b>6,313,953</b>	<b>6,485,348</b>	<b>6,287,742</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>19,064,728</b>	<b>18,365,533</b>	<b>10,720,060</b>	<b>9,142,351</b>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Freight income	3,205,410	3,084,992	222,769	209,893
Share of profit from investment accounted for under equity method - subsidiaries	-	-	192,563	638,474
Share of profit from investment accounted for under equity method - associated companies	10,690	5,743	10,690	5,743
Gain on exchange	-	422,090	-	-
Other income	36,205	22,336	2,355	865
Total revenues	<u>3,252,305</u>	<u>3,535,161</u>	<u>428,377</u>	<u>854,975</u>
Expenses				
Cost of freight and operation	2,704,281	2,519,729	170,925	142,729
Administrative expenses	207,667	193,577	40,637	24,131
Loss on disposal of vessel	-	48,462	-	-
Loss on exchange	74,390	-	30,621	20,910
Total expenses	<u>2,986,338</u>	<u>2,761,768</u>	<u>242,183</u>	<u>187,770</u>
Earnings before interest and income tax expenses	265,967	773,393	186,194	667,205
Interest expenses	(116,610)	(138,221)	(37,946)	(33,154)
Corporate income tax	(1,251)	(1,917)	(54)	171
Earnings after income tax	148,106	633,255	148,194	634,222
Net loss - minority interest of subsidiaries	88	967	-	-
Net earnings for the period	<u>148,194</u>	<u>634,222</u>	<u>148,194</u>	<u>634,222</u>

(Unit: Baht)

Basic earnings per share				
Net earnings	<u>2.24</u>	<u>9.61</u>	<u>2.24</u>	<u>9.61</u>
Weighted average number of shares (thousand shares)	<u>66,300</u>	<u>65,982</u>	<u>66,300</u>	<u>65,982</u>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Freight income	6,347,525	6,053,416	414,297	423,898
Share of profit from investment accounted for under equity method - subsidiaries	-	-	366,211	871,405
Share of profit from investment accounted for under equity method - associated companies	18,434	12,331	18,434	12,331
Gain on exchange	-	482,143	-	-
Input tax refund	85,384	-	85,384	-
Other income	61,899	40,990	4,092	1,453
Total revenues	<u>6,513,242</u>	<u>6,588,880</u>	<u>888,418</u>	<u>1,309,087</u>
Expenses				
Cost of freight and operation	5,301,602	4,987,757	316,366	273,402
Administrative expenses	409,707	369,992	69,502	42,327
Loss on disposal of vessel	-	48,462	-	-
Loss on exchange	175,735	-	42,603	26,777
Total expenses	<u>5,887,044</u>	<u>5,406,211</u>	<u>428,471</u>	<u>342,506</u>
Earnings before interest and income tax expenses	626,198	1,182,669	459,947	966,581
Interest expenses	(234,473)	(281,091)	(71,819)	(66,195)
Corporate income tax (Note 7)	(5,351)	(3,070)	(1,099)	(4)
Earnings after income tax	<u>386,374</u>	<u>898,508</u>	<u>387,029</u>	<u>900,382</u>
Net loss - minority interest of subsidiaries	655	1,874	-	-
Net earnings for the period	<u>387,029</u>	<u>900,382</u>	<u>387,029</u>	<u>900,382</u>

(Unit: Baht)

Basic earnings per share				
Net earnings	<u>5.84</u>	<u>13.89</u>	<u>5.84</u>	<u>13.89</u>
Weighted average number of shares (thousand shares)	<u>66,300</u>	<u>64,830</u>	<u>66,300</u>	<u>64,830</u>

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



(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED						
	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Minority interest of subsidiaries	Total
				Statutory reserve	Unappropriated		
Balance - beginning of the ye.	636,663	2,986,278	748,462	63,666	608,253	28,408	5,071,730
Ordinary share increase	26,337	86,912	-	-	-	-	113,249
Translation adjustment	-	-	(23,647)	-	-	-	(23,647)
Net earnings for the period	-	-	-	-	900,382	-	900,382
Decrease in minority interest	-	-	-	-	-	(2,984)	(2,984)
Balance as at 30 June 2002	<u>663,000</u>	<u>3,073,190</u>	<u>724,815</u>	<u>63,666</u>	<u>1,508,635</u>	<u>25,424</u>	<u>6,058,730</u>
Balance - beginning of the ye.	663,000	3,073,190	785,660	66,300	1,699,592	26,211	6,313,953
Translation adjustment	-	-	(56,823)	-	-	-	(56,823)
Net earnings for the period	-	-	-	-	387,029	-	387,029
Dividend paid (Note 8)	-	-	-	-	(132,600)	-	(132,600)
Decrease in minority interest	-	-	-	-	-	(802)	(802)
Balance as at 30 June 2003	<u>663,000</u>	<u>3,073,190</u>	<u>728,837</u>	<u>66,300</u>	<u>1,954,021</u>	<u>25,409</u>	<u>6,510,757</u>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	THE COMPANY ONLY					
	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Total
				Statutory reserve	Unappropriated	
Balance - beginning of the year 2002	636,663	2,986,278	748,462	63,666	608,253	5,043,322
Ordinary share increase	26,337	86,912	-	-	-	113,249
Translation adjustment	-	-	(23,647)	-	-	(23,647)
Net earnings for the period	-	-	-	-	900,382	900,382
Balance as at 30 June 2002	<u>663,000</u>	<u>3,073,190</u>	<u>724,815</u>	<u>63,666</u>	<u>1,508,635</u>	<u>6,033,306</u>
Balance - beginning of the year 2003	663,000	3,073,190	785,660	66,300	1,699,592	6,287,742
Translation adjustment	-	-	(56,823)	-	-	(56,823)
Net earnings for the period	-	-	-	-	387,029	387,029
Dividend paid (Note 8)	-	-	-	-	(132,600)	(132,600)
Balance as at 30 June 2003	<u>663,000</u>	<u>3,073,190</u>	<u>728,837</u>	<u>66,300</u>	<u>1,954,021</u>	<u>6,485,348</u>

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

(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
<b>Cash flows from operating activities</b>				
Net earnings	387,029	900,382	387,029	900,382
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Depreciation	316,735	321,610	127,660	121,275
Share of profit from investment accounted for under equity method - subsidiaries	-	-	(366,211)	(871,405)
Share of profit from investment accounted for under equity method - associated companies	(18,434)	(12,331)	(18,434)	(12,331)
Loss on disposal of fixed assets	-	48,462	-	-
Decrease in allowance for doubtful accounts	(2,365)	(4,196)	-	-
Unrealised exchange (gain) loss	153,925	(465,916)	43,143	29,833
Minority interest	(655)	(1,874)	-	-
	<u>836,235</u>	<u>786,137</u>	<u>173,187</u>	<u>167,754</u>
Operating assets (increase) decrease				
Trade accounts receivable	(56,201)	(161,679)	-	55
Trade accounts receivable - related parties	-	341	(214,723)	47,909
Material supplies	(20,736)	(41,206)	(509)	(230)
Other current assets	(25,047)	(7,630)	4,455	2,306
Other assets	(543)	14,994	(291)	14,484
Operating liabilities increase (decrease)				
Trade accounts payable	(119,138)	(112,334)	-	(1,460)
Trade accounts payable - related parties	-	(10,434)	3,194	(192,593)
Finance lease creditors	(96,954)	(96,640)	-	-
Other current liabilities	23,164	35,924	(8,632)	(8,099)
Net cash provided by (used in) operating activities	<u>540,780</u>	<u>407,473</u>	<u>(43,319)</u>	<u>30,126</u>

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

(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	<b>CONSOLIDATED</b>		<b>THE COMPANY ONLY</b>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Cash flows from investing activities</b>				
Purchases of short-term investments in available-for-sale securities - Unit trusts	(1,350,000)	-	(1,350,000)	-
Decrease (increase) in property, premises, vessels and equipment	348,903	171,972	(498)	2,174
Decrease in investments accounted for under equity method	356	408	-	-
Decrease in property investments held for long-term investment	60	241	-	-
Dividend received from associated company	10,000	7,000	10,000	7,000
Decrease (increase) in other long-term investments	(1,865)	3,561	-	-
Decrease in translation adjustment	(56,823)	(23,647)	-	-
Net cash provided by (used in) investing activities	<u>(1,049,369)</u>	<u>159,535</u>	<u>(1,340,498)</u>	<u>9,174</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in promissory notes	(1,000,000)	1,000,000	(1,000,000)	1,000,000
Decrease in long-term loans	(871,587)	(798,977)	(99,218)	(140,603)
Cash received from debentures	2,500,000	-	2,500,000	-
Cash received from capital increase	-	113,249	-	113,249
Dividend paid	(132,600)	-	(132,600)	-
Net cash provided by financing activities	<u>495,813</u>	<u>314,272</u>	<u>1,268,182</u>	<u>972,646</u>
Net increase (decrease) in cash and cash equivalents	(12,776)	881,280	(115,635)	1,011,946
Cash and cash equivalents at beginning of period	1,487,596	857,532	265,235	67,375
Cash and cash equivalents at end of period	<u>1,474,820</u>	<u>1,738,812</u>	<u>149,600</u>	<u>1,079,321</u>
<b>Supplemental cash flow information :-</b>				
Cash paid during the period for :-				
Interest expenses	162,200	234,937	69,019	69,524
Corporate income tax	1,222	1,104	-	838

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

**1. GENERAL INFORMATION**

**1.1 Basis for the preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 "Interim financial statements", with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the related statements of earnings, changes in shareholders' equity, and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2002. There have been no changes in the composition of the Group during the current period.

The consolidated financial statements for the three-month and six-month periods ended 30 June 2003 include the financial statements of a subsidiary in the Peoples' Republic of China. These financial statements were prepared by the management of the subsidiary, and have not been reviewed by its auditor. Assets of the subsidiary included as at 30 June 2003 amount to Baht 83 million (31 December 2003: Baht 75 million), and total revenues included for the three-month and six-month periods then ended amount to Baht 17 million and Baht 35 million (30 June 2002: Baht 14 million and Baht 24 million) respectively.

(UNAUDITED BUT REVIEWED)

### 1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2002, with the following additional accounting policy disclosed: -

#### Investments in available-for-sale securities

Investments in available-for-sale securities are determined at fair value. The change in value of securities is recorded as a separate item in shareholders' equity until securities are sold, the change shall be included in determining earnings.

Fair value of unit trust is valued at net assets value.

## 2. TRADE ACCOUNTS RECEIVABLE/TRADE ACCOUNTS RECEIVABLE - RELATED PARTIES

The balances of trade accounts receivable in the consolidated financial statements are classified by aging as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED	
	30 June 2003	31 December 2002
Under 90 days	1,755,449	1,849,145
91 - 180 days	71,235	13,288
181 - 365 days	9,219	2,912
Over 365 days	-	1,413
Total	1,835,903	1,866,758
Less : Allowance for doubtful accounts	(23,123)	(25,488)
Net	<u>1,812,780</u>	<u>1,841,270</u>

A part of the trade accounts receivable of subsidiaries as at 30 June 2003 and 31 December 2002 have been pledged to secure credit facilities granted by banks.

(UNAUDITED BUT REVIEWED)

The balances of trade accounts receivable - related parties in the Company's financial statements are classified by aging as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 June 2003	31 December 2002
Under 90 days	220,955	192,549
91 - 180 days	187,587	212,062
181 - 365 days	393,707	422,745
Over 365 days	1,513,646	1,332,090
Total	<u>2,315,895</u>	<u>2,159,446</u>

### 3. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

#### The Company Only

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
					Cost method		Equity method	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002
			Percent	Percent				
<b><u>Investments in subsidiaries</u></b>								
<b><u>Subsidiaries operating in Thailand</u></b>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	13	2	2
b) RCL Logistics Co., Ltd.	Baht 1 Million	Baht 1 Million	100	100	1	1	18	14
<b><u>Subsidiaries operating in Singapore</u></b>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(1,318)	(1,378)
d) Regional Container Lines Pte Ltd	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	2,757	2,826
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	15	(312)
f) RCL Service SA	USD 10,000	USD 10,000	49	49	2	2	33	38
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	144	150
h) RCL Ship Management Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	7	7
<b><u>Subsidiary operating in Hong Kong</u></b>								
i) Regional Container Lines (HK) Ltd	HK\$ 4 Million	HK\$ 4 Million	100	100	132	132	71	69
<b><u>Subsidiary operating in the People's Republic of China</u></b>								
j) Regional Container Lines Shipping Co.,Ltd.	USD 1.24 Million	USD 1.24 Million	100	100	54	54	46	49
Total investments in subsidiaries					<u>2,112</u>	<u>2,112</u>	<u>1,775</u>	<u>1,465</u>

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
					Cost method		Equity method	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002
			Percent	Percent				
<b><u>Investment in associated company</u></b>								
Associated company operating in Thailand								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	97	89
Total investment in associated company					20	20	97	89
<b>Total investments accounted for under equity method</b>					<u>2,132</u>	<u>2,132</u>	<u>1,872</u>	<u>1,554</u>

The accumulated shares of the profit of the associated company, as at 30 June 2003 and 31 December 2002, is calculated based on the financial statements of the associated company, which are unreviewed/unaudited by that company's auditor.

#### CONSOLIDATED

(Unit: Thousand Baht)

	30 June 2003	31 December 2002
The Company's investment in associated company	97,003	88,570
The subsidiaries' investments in associated companies	8,946	9,301
Total investments accounted for under equity method	<u>105,949</u>	<u>97,871</u>

#### **4. LONG-TERM LOANS**

The long-term loans have been secured by the mortgage of most of the vessels of the Company and the subsidiaries, and the property of the subsidiaries, and are guaranteed by the Company.

As at 30 June 2003 a subsidiary in Singapore has entered period by period knock out swap and interest rate swap agreements for loans amounting to USD 56.25 million (31 December 2002: USD 62.5 million), to exchange fixed interest rates of 4.98-5.35% per annum (31 December 2002: 4.98-5.35% per annum) to an interest rate of LIBOR per annum, which is currently in the range of 1.32-1.75% per annum (31 December 2002: 1.75-3.54% per annum).



(UNAUDITED BUT REVIEWED)

## 5. RELATED PARTY TRANSACTIONS

- a) The Company and its subsidiaries have business dealings with their customers through regional shipping agents (third parties and related companies) of which a substantial part is through their related companies. Such transactions have been determined in the ordinary course of business.
- b) In addition to the matter discussed in a), during the periods, the Company had other significant business transactions with its subsidiaries. The transactions are summarised below: -

(Unit: Million Baht)

<b><u>The Company Only</u></b>	<u>For the six-month periods ended 30 June</u>		<u>Pricing policy</u>
	<u>2003</u>	<u>2002</u>	
<u>Transactions with subsidiaries:</u>			
Charter freight income	413	424	Cost plus a margin

As at 30 June 2003 and 31 December 2002, the Company has the following balances with its subsidiaries: -

(Unit: Million Baht)

	<u>30 June 2003</u>	<u>31 December 2002</u>
<b><u>Trade accounts receivable - related parties</u></b>		
<u>Subsidiaries</u>		
RCL Service SA	539	587
RCL Feeder Pte Ltd.	<u>1,777</u>	<u>1,572</u>
	<u>2,316</u>	<u>2,159</u>
<b><u>Trade accounts payable - related parties</u></b>		
<u>Subsidiaries</u>		
RCL Ship Management Pte Ltd.	<u>34</u>	<u>31</u>
	<u>34</u>	<u>31</u>

(UNAUDITED BUT REVIEWED)

## 6. DEBENTURES

During the current period, the Company issued and offered 2.5 million units of unsecured and unsubordinated debentures with a par value of Baht 1,000 each, or a total Baht 2,500 million, to be used for the repayment of outstanding promissory notes and debentures of the Company, and for the long-term expansion of business. The maturity period of the debentures is 6 years, with the redemption date being 5 June 2009. The debenture holders are entitled to receive interest at a rate of 4 percent per annum for the first three years, and at MLR - 1.75 percent for the following three years. Such interest is payable quarterly. The terms and conditions of the debenture holders' rights contain certain covenants, and restrictions pertaining to matters such as the maintenance of a certain debt to equity ratio, the payment of dividends, the maintenance of financial ratios, and the assumption of guarantees or commitments.

## 7. THE COMPANY'S CORPORATE INCOME TAX

The Company's operating results for the six-month period ended 30 June 2003 can be divided into BOI promoted activities and non-BOI promoted activities as follows: -

(Unit: Baht)

	THE COMPANY ONLY			Total
	For the six-month period ended 30 June 2003			
	Tax payer number			
	3101120028	3105114177		
	BOI	NON-BOI	BOI	
	Promoted	Promoted	Promoted	
Revenues				
Freight income	242,858,656	1,207,200	170,231,500	414,297,356
Share of profit from investment accounted				
for under equity method – subsidiaries	-	366,211,121	-	366,211,121
Share of profit from investment accounted				
for under equity method - associated				
companies	-	18,433,684	-	18,433,684
Gain on exchange	-	-	7,179,735	7,179,735
Other income	85,598,129	3,876,540	-	89,474,669
Total revenues	328,456,785	389,728,545	177,411,235	895,596,565

(UNAUDITED BUT REVIEWED)

(Unit: Baht)

THE COMPANY ONLY

For the six-month period ended 30 June 2003

	Tax payer number			Total
	3101120028		3105114177	
	BOI Promoted	NON-BOI Promoted	BOI Promoted	
Expenses				
Cost of freight and operations	201,643,004	1,199,690	113,521,535	316,364,229
Administrative expenses	39,912,796	194,409	29,395,081	69,502,286
Loss on exchange	49,783,360	-	-	49,783,360
Interest expenses	24,370,898	4,076,451	43,371,410	71,818,759
Total expenses	315,710,058	5,470,550	186,288,026	507,468,634
Earnings (loss) before income tax	12,746,727	384,257,995	(8,876,791)	388,127,931
Corporate income tax	-	(1,098,739)	-	(1,098,739)
Net earnings (loss) for the period	12,746,727	383,159,256	(8,876,791)	387,029,192

## 8. DIVIDEND

On 23 September 2002, a Board of Directors meeting approved the payment of an interim dividend of Baht 2 per share to the holders of the Company's 66,300,000 ordinary shares, or a total of Baht 132.6 million. The dividend was paid in October 2002.

On 28 April 2003, a meeting of the shareholders approved the payment of the above interim dividend and also approved the payment of an additional dividend of Baht 2 per share to the shareholders, or a total of Baht 132.6 million.

## 9. BANK GUARANTEES

As at 30 June 2003, there were outstanding bank guarantees of approximately Baht 31 million (31 December 2002: Baht 32 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

## **10. COMMITMENT**

As at 30 June 2003, overseas subsidiaries had outstanding commitments in respect of lease agreements payable of approximately Baht 12 million (31 December 2002: Baht 28 million).

## **11. LITIGATION**

In June 2000, a subsidiary in Singapore filed a petition to wind up an associated company in Malaysia and another petition to recover an outstanding agency balance of approximately RM 25 million or Baht 290 million. The case is under consideration of the court.

In June 2000, the subsidiary was counter-sued by the associated company, claiming compensation of approximately RM 14 million, or Baht 163 million, for illegal termination of an agency agreement. The management of subsidiary believes that the ultimate resolution of these legal proceedings is not likely to have a material effect on the results of its operations, or financial position.

## **12. SUBSEQUENT EVENT**

In July 2003, the Company has entered into the shipbuilding agreements of two vessels amounting to USD 60 million or approximately Baht 2,580 million.

## **13. FINANCIAL INFORMATION BY SEGMENT**

The Company's and its subsidiaries' operations involve mainly a single industry segment, the business of feeder and vessel operations, and are carried on in geographic area in Thailand, Singapore, Hong Kong, Taiwan and other countries around the South China Sea. Financial information of the Company and its subsidiaries presented by geographical segment are as follows: -

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

CONSOLIDATED							
For the six-month period ended 30 June 2003							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	475	6,819	58	35	7,387	(1,039)	6,348
Gross profit	108	829	47	35	1,019	27	1,046
Other income							147
Share of profit from investments accounted for under equity method - associated companies							18
Administrative expenses							(410)
Loss on exchange							(176)
Interest expenses							(234)
Corporate income tax							(5)
Minority interest							1
Net earnings for the period							387
Property, premises, vessels and equipment	4,993	8,939	64	7	14,003	(54)	13,949
Others							5,116
Total assets							19,065

CONSOLIDATED							
For the six-month period ended 30 June 2002							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	485	6,560	53	24	7,122	(1,069)	6,053
Gross profit	161	832	52	15	1,060	6	1,066
Other income							41
Share of profit from investments accounted for under equity method - associated companies							12
Gain on exchange							482
Administrative expenses							(370)
Loss on disposal vessel							(49)
Interest expenses							(281)
Corporate income tax							(3)
Minority interest							2
Net earnings for the period							900

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	As at 31 December 2002						
	<u>Thailand</u>	<u>Singapore</u>	<u>Hong Kong</u>	<u>China</u>	<u>Total</u>	<u>Elimination</u>	<u>Grand Total</u>
Property, premises, vessels and equipment	<u>5,121</u>	<u>9,487</u>	<u>66</u>	<u>3</u>	<u>14,677</u>	<u>(63)</u>	<u>14,614</u>
Others							<u>3,752</u>
Total assets							<u>18,366</u>

### 13. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the directors of the Company.



## REGIONAL CONTAINER LINES GROUP

### QUARTERLY EARNING STATEMENTS IN US\$

(million US\$)

	1 <sup>st</sup> Quarter 2002	Half-Year 2002	9 months 2002	Yearend 2002	1 <sup>st</sup> Quarter 2003	Half-Year 2003
Freight income	67.9	140.5	214.4	287.6	73.4	149.4
Cost of freight and operations (excl. depreciatio	(52.4)	(108.7)	(167.0)	(222.7)	(57.2)	(117.7)
<b>Gross Profit</b>	<b>15.5</b>	<b>31.8</b>	<b>47.4</b>	<b>64.9</b>	<b>16.2</b>	<b>31.7</b>
<b>Gross Profit Margin</b>	<b>22.8%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>21.2%</b>
Other income	0.6	1.3	1.7	2.4	2.8	3.9
Gain on exchange	0.0	0.4	3.2	2.4	0.0	0.0
Total other income	0.6	1.7	4.9	4.8	2.8	3.9
Admin expenses	(3.8)	(8.2)	(14.1)	(18.6)	(4.5)	(9.3)
Depreciation	(5.5)	(9.7)	(14.4)	(19.2)	(4.7)	(9.4)
Loss on exchange	0.0	0.0	0.0	0.0	(0.1)	(0.5)
Loss on impairment of fixed assets	0.0	0.0	0.0	(5.5)	0.0	0.0
Loss on disposal of vessels	0.0	(1.6)	(1.6)	(1.6)	0.0	0.0
Total other expenses	(9.3)	(19.5)	(30.1)	(44.9)	(9.3)	(19.2)
Interest expenses	(3.3)	(6.5)	(10.4)	(13.5)	(2.8)	(5.5)
Profit / (loss) before taxation	3.5	7.5	11.8	11.3	6.9	10.9
Income tax	0.0	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Profit / (loss) after taxation	3.5	7.4	11.7	11.2	6.8	10.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit / (loss) attributable to members</b>	<b>3.5</b>	<b>7.4</b>	<b>11.7</b>	<b>11.2</b>	<b>6.8</b>	<b>10.8</b>

### COMPUTATION OF EBITDA

Profit / (loss) before taxation	3.5	7.5	11.8	11.3	6.9	10.9
Add: Impairment loss	0.0	0.0	0.0	5.5	0.0	0.0
Add: Interest	3.3	6.5	10.4	13.5	2.8	5.5
<b>EBIT</b>	<b>6.8</b>	<b>14.0</b>	<b>22.2</b>	<b>30.3</b>	<b>9.7</b>	<b>16.4</b>
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	5.5	9.7	14.4	19.2	4.7	9.4
<b>EBITDA</b>	<b>12.3</b>	<b>23.7</b>	<b>36.6</b>	<b>49.5</b>	<b>14.4</b>	<b>25.8</b>

6 August 2003

The Board of Directors  
Regional Container Lines Public Company Limited  
30th Floor, Panjathani Tower  
127/35 Ratchadapisek Road  
Yannawa District  
**BANGKOK 10120**

Dear Sirs,

**Consolidated financial statements in United States Dollars**

As requested, we have obtained from the management the consolidated balance sheets as at 30 June 2003 and 31 December 2002, and the statements of earnings and retained earnings for the six-month periods ended 30 June 2003 and 2002 of Regional Container Lines Public Company Limited and its subsidiaries ("the Group") in United States Dollars ("USD") and performed the following procedures as agreed upon: -

- (i) We obtained management's basis in determining exchange rates applied in the translation of financial information.
- (ii) We recomputed the translation of financial information into USD.
- (iii) We checked the casting and extension of the translated USD financial information in the statements.

The above procedures do not constitute either an audit or a review in accordance with Thai generally accepted auditing standards and the basis of translation is not necessarily in compliance with Thai generally accepted accounting principles. We therefore cannot give any assurance on the basis of these procedures.

The above procedures were performed solely to assist you in the preparation of the financial information in USD for presentation to your bankers for the purpose of their facilities review, and are not to be referred to for any other purposes or distributed to any other parties without our prior consent.

Yours faithfully,  
ERNST & YOUNG OFFICE LIMITED

Vissuta Jariyathanakorn  
Partner



REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	30 June 2003		31 December 2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	1,474.8	35.1	1,487.6	34.4
Short-term investment in available-for-sale securities - Unit trusts	1,350.0	32.1	-	-
Trade accounts receivable, net	1,812.8	43.1	1,841.3	42.6
Other current assets	330.5	7.9	284.8	6.6
Total current assets	<u>4,968.1</u>	<u>118.2</u>	<u>3,613.7</u>	<u>83.6</u>
Non-current assets				
Property and premises, net	2,400.0	67.0	2,498.1	67.1
Vessels and equipment, net	11,548.8	351.2	12,116.2	360.2
Other non-current assets	147.8	4.4	137.6	4.3
Total non-current assets	<u>14,096.6</u>	<u>422.6</u>	<u>14,751.9</u>	<u>431.6</u>
<b>TOTAL ASSETS</b>	<u><u>19,064.7</u></u>	<u><u>540.8</u></u>	<u><u>18,365.6</u></u>	<u><u>515.2</u></u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Continued)

	30 June 2003		31 December 2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Promissory notes	-	-	1,000.0	23.1
Trade accounts payable	1,064.8	25.3	1,183.9	27.4
Current portion of finance lease creditors	155.7	3.7	162.9	3.7
Current portion of long-term loans	1,120.9	26.7	1,150.8	26.6
Other current liabilities	209.0	5.0	185.7	4.3
<b>Total current liabilities</b>	<b>2,550.4</b>	<b>60.7</b>	<b>3,683.3</b>	<b>85.1</b>
<b>Non-current liabilities</b>				
Finance lease creditors - net of current portion	216.4	5.2	301.7	6.9
Long-term loans - net of current portion	6,287.1	149.5	7,066.6	163.5
Debentures	3,500.0	83.3	1,000.0	23.1
<b>Total non-current liabilities</b>	<b>10,003.5</b>	<b>238.0</b>	<b>8,368.3</b>	<b>193.5</b>
<b>Total liabilities</b>	<b>12,553.9</b>	<b>298.7</b>	<b>12,051.6</b>	<b>278.6</b>
<b>Shareholders' equity</b>				
<b>Share capital</b>				
<b>Issued and fully paid</b>				
66,300,000 ordinary shares of Baht 10 each	663.0	20.6	663.0	20.6
Share premium	3,073.2	113.7	3,073.2	113.7
Translation adjustment	728.8	(4.3)	785.6	(2.1)
<b>Retained earnings</b>				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	1,954.1	109.6	1,699.7	101.9
<b>Equity attributable to Company's shareholders</b>	<b>6,485.4</b>	<b>241.5</b>	<b>6,287.8</b>	<b>236.0</b>
<b>Minority interest - equity attributable</b>				
to minority shareholders of subsidiaries	25.4	0.6	26.2	0.6
<b>Total shareholders' equity</b>	<b>6,510.8</b>	<b>242.1</b>	<b>6,314.0</b>	<b>236.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>19,064.7</b>	<b>540.8</b>	<b>18,365.6</b>	<b>515.2</b>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF EARNINGS AND RETAINED EARNINGS  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

	<u>2003</u> Million Baht	<u>2003</u> Million USD	<u>2002</u> Million Baht	<u>2002</u> Million USD
<b>EARNINGS</b>				
Revenues				
Freight income	6,347.5	149.4	6,053.4	140.5
Gain on exchange	-	-	482.1	0.4
Other income	165.7	3.9	53.4	1.3
Total revenues	<u>6,513.2</u>	<u>153.3</u>	<u>6,588.9</u>	<u>142.2</u>
Expenses				
Cost of freight and operations	5,000.3	117.7	4,682.2	108.7
Depreciation	316.7	9.4	321.6	9.7
Administrative expenses	394.3	9.3	354.0	8.2
Loss on disposal of fixed assets	-	-	48.5	1.6
Loss on exchange	175.7	0.5	-	-
Total expenses	<u>5,887.0</u>	<u>136.9</u>	<u>5,406.3</u>	<u>128.2</u>
Earnings before interest and income tax expenses	626.2	16.4	1,182.6	14.0
Interest expenses	(234.5)	(5.5)	(281.1)	(6.5)
Corporate income tax	(5.3)	(0.1)	(3.1)	(0.1)
Earnings after income tax	<u>386.4</u>	<u>10.8</u>	<u>898.4</u>	<u>7.4</u>
Net loss - minority interest	0.6	-	1.9	-
Net earnings for the period	<u><u>387.0</u></u>	<u><u>10.8</u></u>	<u><u>900.3</u></u>	<u><u>7.4</u></u>
<b>RETAINED EARNINGS</b>				
Retained earnings - unappropriated				
Balance - beginning of period	1,699.7	101.9	608.3	93.8
Net earnings for the period	387.0	10.8	900.3	7.4
Dividend paid	(132.6)	(3.1)	-	-
Total retained earnings - unappropriated	<u>1,954.1</u>	<u>109.6</u>	<u>1,508.6</u>	<u>101.2</u>
Retained earnings - appropriated				
Statutory reserve	66.3	1.9	63.7	1.9
Total retained earnings - appropriated	<u>66.3</u>	<u>1.9</u>	<u>63.7</u>	<u>1.9</u>
Total retained earnings	<u><u>2,020.4</u></u>	<u><u>111.5</u></u>	<u><u>1,572.3</u></u>	<u><u>103.1</u></u>

See Basis of Preparation

**BASIS OF PREPARATION**

**1. THAI BAHT FIGURES**

The Thai Baht figures in the balance sheet as at 30 June 2003 and profit and loss accounts for the six-month periods ended 30 June 2003 and 2002 were extracted from the reviewed consolidated financial statements. The Thai Baht figures in the balance sheet as at 31 December 2002 were extracted from the audited consolidated financial statements. The consolidated financial statements included the financial statements of Regional Container Lines Public Company Limited (hereinafter called “the Company”) and its subsidiaries in Thailand, Singapore, Hong Kong and the People’s Republic of China.

For consolidation purposes, foreign currency financial statements of the subsidiaries were translated into Thai Baht at the closing exchange rates as to assets and liabilities, and at the average rates as to revenues and expenses. The resultant difference has been presented under the caption of “Translation adjustment” in the shareholders’ equity.

**2. USD FIGURES**

2.1 The USD figures in the consolidated balance sheets were determined by translating the Thai Baht consolidated balance sheets of the Group using the following exchange rates :-

a) For assets and liabilities, we used the following approximate rates :-

As of 30 June 2003 : USD 1 = Baht 42.0253  
As of 31 December 2002 : USD 1 = Baht 43.1993

b) The approximate rates as of 1 January 1997 were used for brought-forward balances of share capital, share premium, investments, property, vessels and equipment:-

*For the Company and its Thailand subsidiary*

USD 1 = Baht 25.5850

*For its Singapore subsidiaries*

USD 1 = SGD 1.4020

*For its Hong Kong subsidiaries*

USD 1 = HKD 7.7296

- c) Approximate rates as at the transaction dates were used for additional share capital, share premium, property, vessels and equipment, and disposals of vessels and equipment.

Any differences have been included in "Translation adjustment".

- 2.2 The USD figures in the consolidated profit and loss accounts were determined by translating the Thai Baht consolidated profit and loss accounts of the Group using the average exchange rates, which were as follows :-

30 June 2003 : USD 1 = Baht 42.4868

30 June 2002 : USD 1 = Baht 43.0783



## REGIONAL CONTAINER LINES GROUP

### QUARTERLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	1 <sup>st</sup> Quarter 2002	Half-Year 2002	9 months 2002	Yearend 2002	1 <sup>st</sup> Quarter 2003	Half-Year 2003
Freight income	2,968.4	6,053.4	9,198.0	12,366.8	3,142.1	6,347.5
Cost of freight and operations (excl. depreciatio	(2,291.5)	(4,682.2)	(7,164.3)	(9,577.2)	(2,446.5)	(5,000.3)
<b>Gross Profit</b>	<b>676.9</b>	<b>1,371.2</b>	<b>2,033.7</b>	<b>2,789.6</b>	<b>695.6</b>	<b>1,347.2</b>
<b>Gross Profit Margin</b>	<b>22.8%</b>	<b>22.7%</b>	<b>22.1%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>21.2%</b>
Other income	25.2	53.4	71.3	102.0	118.8	165.7
Gain on exchange	60.1	482.1	566.8	611.9	0.0	0.0
Total other income	85.3	535.5	638.1	713.9	118.8	165.7
Admin expenses	(168.3)	(354.0)	(603.2)	(797.7)	(194.4)	(394.3)
Depreciation	(184.6)	(321.6)	(480.0)	(641.1)	(158.5)	(316.7)
Loss on exchange	0.0	0.0	0.0	0.0	(101.3)	(175.7)
Loss on impairment of fixed assets	0.0	0.0	0.0	(203.1)	0.0	0.0
Loss on disposal of vessels	0.0	(48.5)	(48.7)	(48.9)	0.0	0.0
Total other expenses	(352.9)	(724.1)	(1,131.9)	(1,690.8)	(454.2)	(886.7)
Interest expenses	(142.9)	(281.1)	(445.7)	(581.7)	(117.9)	(234.5)
Profit / (loss) before taxation	266.4	901.5	1,094.2	1,231.0	242.3	391.7
Income tax	(1.2)	(3.1)	(5.5)	(6.4)	(4.1)	(5.3)
Profit / (loss) after taxation	265.2	898.4	1,088.7	1,224.6	238.2	386.4
Minority interest	0.9	1.9	2.0	2.0	0.5	0.6
<b>Net profit / (loss) attributable to members</b>	<b>266.1</b>	<b>900.3</b>	<b>1,090.7</b>	<b>1,226.6</b>	<b>238.7</b>	<b>387.0</b>

<b>COMPUTATION OF EBITDA</b>						
Profit / (loss) before taxation	266.4	901.5	1,094.2	1,231.0	242.3	391.7
Add: Impairment loss	0.0	0.0	0.0	203.1	0.0	0.0
Add: Interest	142.9	281.1	445.7	581.7	117.9	234.5
<b>EBIT</b>	<b>409.3</b>	<b>1,182.6</b>	<b>1,539.9</b>	<b>2,015.8</b>	<b>360.2</b>	<b>626.2</b>
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	184.6	321.6	480.0	641.1	158.5	316.7
<b>EBITDA</b>	<b>593.9</b>	<b>1,504.2</b>	<b>2,019.9</b>	<b>2,656.9</b>	<b>518.7</b>	<b>942.9</b>

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

## **Report of Independent Auditor**

To The Board of Directors and Shareholders of  
Regional Container Lines Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Regional Container Lines Public Company Limited and its subsidiaries as at 30 June 2003, and the consolidated statements of earnings for the three-month and six-month periods ended 30 June 2003 and 2002, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2003 and 2002, and the separate financial statements of Regional Container Lines Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Regional Container Lines Public Company Limited and its subsidiaries and the separate financial statements of Regional Container Lines Public Company Limited for the year ended 31 December 2002 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 14 February 2003. The balance sheet as at 31 December 2002, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited  
Bangkok: 1 August 2003



REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	Note	30 June 2003 (Unaudited but reviewed)	31 December 2002 (Audited)	30 June 2003 (Unaudited but reviewed)	1 December 2002 (Audited)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,474,820	1,487,596	149,600	265,235
Short-term investments in available-for-sale securities - Unit trusts		1,350,000	-	1,350,000	-
Trade accounts receivable		1,835,903	1,866,758	-	-
Less : allowance for doubtful accounts		(23,123)	(25,488)	-	-
Trade accounts receivable, net	2	1,812,780	1,841,270	-	-
Trade accounts receivable - related par	2,5	-	-	2,315,895	2,159,446
Material supplies		145,137	124,401	5,988	5,479
Other current assets		185,318	160,381	35,006	39,571
<b>Total current assets</b>		<b>4,968,055</b>	<b>3,613,648</b>	<b>3,856,489</b>	<b>2,469,731</b>
<b>Non-current assets</b>					
Property investments held for long-term invest		2,156	2,216	-	-
Investments accounted for under equity	3	105,949	97,871	1,871,546	1,553,724
Other long-term investments		35,668	33,803	-	-
Property and premises, net		2,399,918	2,498,140	23,608	24,743
Vessels and equipment, net		11,548,770	12,116,186	4,966,637	5,092,664
Other non-current assets		4,212	3,669	1,780	1,489
<b>Total non-current assets</b>		<b>14,096,673</b>	<b>14,751,885</b>	<b>6,863,571</b>	<b>6,672,620</b>
<b>TOTAL ASSETS</b>		<b>19,064,728</b>	<b>18,365,533</b>	<b>10,720,060</b>	<b>9,142,351</b>

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

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2003	31 December 2002	30 June 2003	31 December 2002
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Promissory notes		-	1,000,000	-	1,000,000
Trade accounts payable		1,064,752	1,183,890	-	-
Trade accounts payable - related parties	5	-	-	34,301	31,047
Current portion of finance lease creditors		155,705	162,883	-	-
Current portion of long-term loans	4	1,120,944	1,150,751	194,696	198,642
Other current liabilities		209,055	185,744	44,696	53,328
<b>Total current liabilities</b>		<b>2,550,456</b>	<b>3,683,268</b>	<b>273,693</b>	<b>1,283,017</b>
<b>Non-current liabilities</b>					
Finance lease creditors, net of current portion		216,465	301,733	-	-
Long-term loans, net of current portion	4	6,287,050	7,066,579	461,019	571,592
Debentures	6	3,500,000	1,000,000	3,500,000	1,000,000
<b>Total non-current liabilities</b>		<b>10,003,515</b>	<b>8,368,312</b>	<b>3,961,019</b>	<b>1,571,592</b>
<b>Total liabilities</b>		<b>12,553,971</b>	<b>12,051,580</b>	<b>4,234,712</b>	<b>2,854,609</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
<b>Registered</b>					
66,300,000 ordinary shares of Baht 10 each		663,000	663,000	663,000	663,000
<b>Issued and paid-up</b>					
66,300,000 ordinary shares of Baht 10 each		663,000	663,000	663,000	663,000
Share premium		3,073,190	3,073,190	3,073,190	3,073,190
Translation adjustment		728,837	785,660	728,837	785,660
<b>Retained earnings</b>					
Appropriated - statutory reserve		66,300	66,300	66,300	66,300
Unappropriated		1,954,021	1,699,592	1,954,021	1,699,592
<b>Equity attributable to Company's shareholders</b>		<b>6,485,348</b>	<b>6,287,742</b>	<b>6,485,348</b>	<b>6,287,742</b>
<b>Minority interest - equity attributable to</b>					
minority shareholders' of subsidiaries		25,409	26,211	-	-
<b>Total shareholders' equity</b>		<b>6,510,757</b>	<b>6,313,953</b>	<b>6,485,348</b>	<b>6,287,742</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>19,064,728</b>	<b>18,365,533</b>	<b>10,720,060</b>	<b>9,142,351</b>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Freight income	3,205,410	3,084,992	222,769	209,893
Share of profit from investment accounted for under equity method - subsidiaries	-	-	192,563	638,474
Share of profit from investment accounted for under equity method - associated companies	10,690	5,743	10,690	5,743
Gain on exchange	-	422,090	-	-
Other income	36,205	22,336	2,355	865
Total revenues	<u>3,252,305</u>	<u>3,535,161</u>	<u>428,377</u>	<u>854,975</u>
Expenses				
Cost of freight and operation	2,704,281	2,519,729	170,925	142,729
Administrative expenses	207,667	193,577	40,637	24,131
Loss on disposal of vessel	-	48,462	-	-
Loss on exchange	74,390	-	30,621	20,910
Total expenses	<u>2,986,338</u>	<u>2,761,768</u>	<u>242,183</u>	<u>187,770</u>
Earnings before interest and income tax expenses	265,967	773,393	186,194	667,205
Interest expenses	(116,610)	(138,221)	(37,946)	(33,154)
Corporate income tax	(1,251)	(1,917)	(54)	171
Earnings after income tax	148,106	633,255	148,194	634,222
Net loss - minority interest of subsidiaries	88	967	-	-
Net earnings for the period	<u>148,194</u>	<u>634,222</u>	<u>148,194</u>	<u>634,222</u>

(Unit: Baht)

Basic earnings per share				
Net earnings	<u>2.24</u>	<u>9.61</u>	<u>2.24</u>	<u>9.61</u>
Weighted average number of shares (thousand shares)	<u>66,300</u>	<u>65,982</u>	<u>66,300</u>	<u>65,982</u>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues				
Freight income	6,347,525	6,053,416	414,297	423,898
Share of profit from investment accounted for under equity method - subsidiaries	-	-	366,211	871,405
Share of profit from investment accounted for under equity method - associated companies	18,434	12,331	18,434	12,331
Gain on exchange	-	482,143	-	-
Input tax refund	85,384	-	85,384	-
Other income	61,899	40,990	4,092	1,453
Total revenues	<u>6,513,242</u>	<u>6,588,880</u>	<u>888,418</u>	<u>1,309,087</u>
Expenses				
Cost of freight and operation	5,301,602	4,987,757	316,366	273,402
Administrative expenses	409,707	369,992	69,502	42,327
Loss on disposal of vessel	-	48,462	-	-
Loss on exchange	175,735	-	42,603	26,777
Total expenses	<u>5,887,044</u>	<u>5,406,211</u>	<u>428,471</u>	<u>342,506</u>
Earnings before interest and income tax expenses	626,198	1,182,669	459,947	966,581
Interest expenses	(234,473)	(281,091)	(71,819)	(66,195)
Corporate income tax (Note 7)	(5,351)	(3,070)	(1,099)	(4)
Earnings after income tax	<u>386,374</u>	<u>898,508</u>	<u>387,029</u>	<u>900,382</u>
Net loss - minority interest of subsidiaries	655	1,874	-	-
Net earnings for the period	<u>387,029</u>	<u>900,382</u>	<u>387,029</u>	<u>900,382</u>

(Unit: Baht)

Basic earnings per share				
Net earnings	<u>5.84</u>	<u>13.89</u>	<u>5.84</u>	<u>13.89</u>
Weighted average number of shares (thousand shares)	<u>66,300</u>	<u>64,830</u>	<u>66,300</u>	<u>64,830</u>

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

(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED						
	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Minority interest of subsidiaries	Total
				Statutory reserve	Unappropriated		
Balance - beginning of the ye.	636,663	2,986,278	748,462	63,666	608,253	28,408	5,071,730
Ordinary share increase	26,337	86,912	-	-	-	-	113,249
Translation adjustment	-	-	(23,647)	-	-	-	(23,647)
Net earnings for the period	-	-	-	-	900,382	-	900,382
Decrease in minority interest	-	-	-	-	-	(2,984)	(2,984)
Balance as at 30 June 2002	<u>663,000</u>	<u>3,073,190</u>	<u>724,815</u>	<u>63,666</u>	<u>1,508,635</u>	<u>25,424</u>	<u>6,058,730</u>
Balance - beginning of the ye.	663,000	3,073,190	785,660	66,300	1,699,592	26,211	6,313,953
Translation adjustment	-	-	(56,823)	-	-	-	(56,823)
Net earnings for the period	-	-	-	-	387,029	-	387,029
Dividend paid (Note 8)	-	-	-	-	(132,600)	-	(132,600)
Decrease in minority interest	-	-	-	-	-	(802)	(802)
Balance as at 30 June 2003	<u>663,000</u>	<u>3,073,190</u>	<u>728,837</u>	<u>66,300</u>	<u>1,954,021</u>	<u>25,409</u>	<u>6,510,757</u>

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

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	THE COMPANY ONLY					
	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Total
				Statutory reserve	Unappropriated	
Balance - beginning of the year 2002	636,663	2,986,278	748,462	63,666	608,253	5,043,322
Ordinary share increase	26,337	86,912	-	-	-	113,249
Translation adjustment	-	-	(23,647)	-	-	(23,647)
Net earnings for the period	-	-	-	-	900,382	900,382
Balance as at 30 June 2002	<u>663,000</u>	<u>3,073,190</u>	<u>724,815</u>	<u>63,666</u>	<u>1,508,635</u>	<u>6,033,306</u>
Balance - beginning of the year 2003	663,000	3,073,190	785,660	66,300	1,699,592	6,287,742
Translation adjustment	-	-	(56,823)	-	-	(56,823)
Net earnings for the period	-	-	-	-	387,029	387,029
Dividend paid (Note 8)	-	-	-	-	(132,600)	(132,600)
Balance as at 30 June 2003	<u>663,000</u>	<u>3,073,190</u>	<u>728,837</u>	<u>66,300</u>	<u>1,954,021</u>	<u>6,485,348</u>

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

(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
<b>Cash flows from operating activities</b>				
Net earnings	387,029	900,382	387,029	900,382
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Depreciation	316,735	321,610	127,660	121,275
Share of profit from investment accounted for under equity method - subsidiaries	-	-	(366,211)	(871,405)
Share of profit from investment accounted for under equity method - associated companies	(18,434)	(12,331)	(18,434)	(12,331)
Loss on disposal of fixed assets	-	48,462	-	-
Decrease in allowance for doubtful accounts	(2,365)	(4,196)	-	-
Unrealised exchange (gain) loss	153,925	(465,916)	43,143	29,833
Minority interest	(655)	(1,874)	-	-
	<u>836,235</u>	<u>786,137</u>	<u>173,187</u>	<u>167,754</u>
Operating assets (increase) decrease				
Trade accounts receivable	(56,201)	(161,679)	-	55
Trade accounts receivable - related parties	-	341	(214,723)	47,909
Material supplies	(20,736)	(41,206)	(509)	(230)
Other current assets	(25,047)	(7,630)	4,455	2,306
Other assets	(543)	14,994	(291)	14,484
Operating liabilities increase (decrease)				
Trade accounts payable	(119,138)	(112,334)	-	(1,460)
Trade accounts payable - related parties	-	(10,434)	3,194	(192,593)
Finance lease creditors	(96,954)	(96,640)	-	-
Other current liabilities	23,164	35,924	(8,632)	(8,099)
Net cash provided by (used in) operating activities	<u>540,780</u>	<u>407,473</u>	<u>(43,319)</u>	<u>30,126</u>

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

(UNAUDITED BUT REVIEWED)

## REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

(Unit: Thousand Baht)

	<b>CONSOLIDATED</b>		<b>THE COMPANY ONLY</b>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Cash flows from investing activities</b>				
Purchases of short-term investments in available-for-sale securities - Unit trusts	(1,350,000)	-	(1,350,000)	-
Decrease (increase) in property, premises, vessels and equipment	348,903	171,972	(498)	2,174
Decrease in investments accounted for under equity method	356	408	-	-
Decrease in property investments held for long-term investment	60	241	-	-
Dividend received from associated company	10,000	7,000	10,000	7,000
Decrease (increase) in other long-term investments	(1,865)	3,561	-	-
Decrease in translation adjustment	(56,823)	(23,647)	-	-
Net cash provided by (used in) investing activities	<u>(1,049,369)</u>	<u>159,535</u>	<u>(1,340,498)</u>	<u>9,174</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in promissory notes	(1,000,000)	1,000,000	(1,000,000)	1,000,000
Decrease in long-term loans	(871,587)	(798,977)	(99,218)	(140,603)
Cash received from debentures	2,500,000	-	2,500,000	-
Cash received from capital increase	-	113,249	-	113,249
Dividend paid	(132,600)	-	(132,600)	-
Net cash provided by financing activities	<u>495,813</u>	<u>314,272</u>	<u>1,268,182</u>	<u>972,646</u>
Net increase (decrease) in cash and cash equivalents	(12,776)	881,280	(115,635)	1,011,946
Cash and cash equivalents at beginning of period	1,487,596	857,532	265,235	67,375
Cash and cash equivalents at end of period	<u>1,474,820</u>	<u>1,738,812</u>	<u>149,600</u>	<u>1,079,321</u>
<b>Supplemental cash flow information :-</b>				
Cash paid during the period for :-				
Interest expenses	162,200	234,937	69,019	69,524
Corporate income tax	1,222	1,104	-	838

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



(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

**1. GENERAL INFORMATION**

**1.1 Basis for the preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 "Interim financial statements", with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the related statements of earnings, changes in shareholders' equity, and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2002. There have been no changes in the composition of the Group during the current period.

The consolidated financial statements for the three-month and six-month periods ended 30 June 2003 include the financial statements of a subsidiary in the Peoples' Republic of China. These financial statements were prepared by the management of the subsidiary, and have not been reviewed by its auditor. Assets of the subsidiary included as at 30 June 2003 amount to Baht 83 million (31 December 2003: Baht 75 million), and total revenues included for the three-month and six-month periods then ended amount to Baht 17 million and Baht 35 million (30 June 2002: Baht 14 million and Baht 24 million) respectively.

(UNAUDITED BUT REVIEWED)

### 1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2002, with the following additional accounting policy disclosed: -

#### Investments in available-for-sale securities

Investments in available-for-sale securities are determined at fair value. The change in value of securities is recorded as a separate item in shareholders' equity until securities are sold, the change shall be included in determining earnings.

Fair value of unit trust is valued at net assets value.

## 2. TRADE ACCOUNTS RECEIVABLE/TRADE ACCOUNTS RECEIVABLE - RELATED PARTIES

The balances of trade accounts receivable in the consolidated financial statements are classified by aging as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED	
	30 June 2003	31 December 2002
Under 90 days	1,755,449	1,849,145
91 - 180 days	71,235	13,288
181 - 365 days	9,219	2,912
Over 365 days	-	1,413
Total	1,835,903	1,866,758
Less : Allowance for doubtful accounts	(23,123)	(25,488)
Net	<u>1,812,780</u>	<u>1,841,270</u>

A part of the trade accounts receivable of subsidiaries as at 30 June 2003 and 31 December 2002 have been pledged to secure credit facilities granted by banks.

(UNAUDITED BUT REVIEWED)

The balances of trade accounts receivable - related parties in the Company's financial statements are classified by aging as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	30 June 2003	31 December 2002
Under 90 days	220,955	192,549
91 - 180 days	187,587	212,062
181 - 365 days	393,707	422,745
Over 365 days	1,513,646	1,332,090
Total	<u>2,315,895</u>	<u>2,159,446</u>

### 3. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

#### The Company Only

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
					Cost method		Equity method	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002
			Percent	Percent				
<b><u>Investments in subsidiaries</u></b>								
<b><u>Subsidiaries operating in Thailand</u></b>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	13	2	2
b) RCL Logistics Co., Ltd.	Baht 1 Million	Baht 1 Million	100	100	1	1	18	14
<b><u>Subsidiaries operating in Singapore</u></b>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(1,318)	(1,378)
d) Regional Container Lines Pte Ltd	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	2,757	2,826
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	15	(312)
f) RCL Service SA	USD 10,000	USD 10,000	49	49	2	2	33	38
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	144	150
h) RCL Ship Management Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	7	7
<b><u>Subsidiary operating in Hong Kong</u></b>								
i) Regional Container Lines (HK) Ltd	HK\$ 4 Million	HK\$ 4 Million	100	100	132	132	71	69
<b><u>Subsidiary operating in the People's Republic of China</u></b>								
j) Regional Container Lines Shipping Co.,Ltd.	USD 1.24 Million	USD 1.24 Million	100	100	54	54	46	49
Total investments in subsidiaries					<u>2,112</u>	<u>2,112</u>	<u>1,775</u>	<u>1,465</u>

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
					Cost method		Equity method	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002	30 June 2003	31 December 2002
			Percent	Percent				
<b><u>Investment in associated company</u></b>								
Associated company operating in Thailand								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	97	89
Total investment in associated company					20	20	97	89
<b>Total investments accounted for under equity method</b>					<u>2,132</u>	<u>2,132</u>	<u>1,872</u>	<u>1,554</u>

The accumulated shares of the profit of the associated company, as at 30 June 2003 and 31 December 2002, is calculated based on the financial statements of the associated company, which are unreviewed/unaudited by that company's auditor.

#### CONSOLIDATED

(Unit: Thousand Baht)

	30 June 2003	31 December 2002
The Company's investment in associated company	97,003	88,570
The subsidiaries' investments in associated companies	8,946	9,301
Total investments accounted for under equity method	<u>105,949</u>	<u>97,871</u>

#### **4. LONG-TERM LOANS**

The long-term loans have been secured by the mortgage of most of the vessels of the Company and the subsidiaries, and the property of the subsidiaries, and are guaranteed by the Company.

As at 30 June 2003 a subsidiary in Singapore has entered period by period knock out swap and interest rate swap agreements for loans amounting to USD 56.25 million (31 December 2002: USD 62.5 million), to exchange fixed interest rates of 4.98-5.35% per annum (31 December 2002: 4.98-5.35% per annum) to an interest rate of LIBOR per annum, which is currently in the range of 1.32-1.75% per annum (31 December 2002: 1.75-3.54% per annum).

(UNAUDITED BUT REVIEWED)

## 5. RELATED PARTY TRANSACTIONS

- a) The Company and its subsidiaries have business dealings with their customers through regional shipping agents (third parties and related companies) of which a substantial part is through their related companies. Such transactions have been determined in the ordinary course of business.
- b) In addition to the matter discussed in a), during the periods, the Company had other significant business transactions with its subsidiaries. The transactions are summarised below: -

(Unit: Million Baht)

	For the six-month periods ended 30 June		Pricing policy
	<u>2003</u>	<u>2002</u>	
<b><u>The Company Only</u></b>			
<u>Transactions with subsidiaries:</u>			
Charter freight income	413	424	Cost plus a margin

As at 30 June 2003 and 31 December 2002, the Company has the following balances with its subsidiaries: -

(Unit: Million Baht)

	<u>30 June 2003</u>	<u>31 December 2002</u>
<b><u>Trade accounts receivable - related parties</u></b>		
<u>Subsidiaries</u>		
RCL Service SA	539	587
RCL Feeder Pte Ltd.	<u>1,777</u>	<u>1,572</u>
	<u>2,316</u>	<u>2,159</u>
<b><u>Trade accounts payable - related parties</u></b>		
<u>Subsidiaries</u>		
RCL Ship Management Pte Ltd.	<u>34</u>	<u>31</u>
	<u>34</u>	<u>31</u>

(UNAUDITED BUT REVIEWED)

## 6. DEBENTURES

During the current period, the Company issued and offered 2.5 million units of unsecured and unsubordinated debentures with a par value of Baht 1,000 each, or a total Baht 2,500 million, to be used for the repayment of outstanding promissory notes and debentures of the Company, and for the long-term expansion of business. The maturity period of the debentures is 6 years, with the redemption date being 5 June 2009. The debenture holders are entitled to receive interest at a rate of 4 percent per annum for the first three years, and at MLR - 1.75 percent for the following three years. Such interest is payable quarterly. The terms and conditions of the debenture holders' rights contain certain covenants, and restrictions pertaining to matters such as the maintenance of a certain debt to equity ratio, the payment of dividends, the maintenance of financial ratios, and the assumption of guarantees or commitments.

## 7. THE COMPANY'S CORPORATE INCOME TAX

The Company's operating results for the six-month period ended 30 June 2003 can be divided into BOI promoted activities and non-BOI promoted activities as follows: -

(Unit: Baht)

	THE COMPANY ONLY			Total
	For the six-month period ended 30 June 2003			
	Tax payer number			
	3101120028	3105114177		
	BOI	NON-BOI	BOI	
	Promoted	Promoted	Promoted	
Revenues				
Freight income	242,858,656	1,207,200	170,231,500	414,297,356
Share of profit from investment accounted				
for under equity method – subsidiaries	-	366,211,121	-	366,211,121
Share of profit from investment accounted				
for under equity method - associated				
companies	-	18,433,684	-	18,433,684
Gain on exchange	-	-	7,179,735	7,179,735
Other income	85,598,129	3,876,540	-	89,474,669
Total revenues	328,456,785	389,728,545	177,411,235	895,596,565

(UNAUDITED BUT REVIEWED)

(Unit: Baht)

THE COMPANY ONLY

For the six-month period ended 30 June 2003

	Tax payer number			Total
	3101120028		3105114177	
	BOI Promoted	NON-BOI Promoted	BOI Promoted	
Expenses				
Cost of freight and operations	201,643,004	1,199,690	113,521,535	316,364,229
Administrative expenses	39,912,796	194,409	29,395,081	69,502,286
Loss on exchange	49,783,360	-	-	49,783,360
Interest expenses	24,370,898	4,076,451	43,371,410	71,818,759
Total expenses	315,710,058	5,470,550	186,288,026	507,468,634
Earnings (loss) before income tax	12,746,727	384,257,995	(8,876,791)	388,127,931
Corporate income tax	-	(1,098,739)	-	(1,098,739)
Net earnings (loss) for the period	12,746,727	383,159,256	(8,876,791)	387,029,192

## 8. DIVIDEND

On 23 September 2002, a Board of Directors meeting approved the payment of an interim dividend of Baht 2 per share to the holders of the Company's 66,300,000 ordinary shares, or a total of Baht 132.6 million. The dividend was paid in October 2002.

On 28 April 2003, a meeting of the shareholders approved the payment of the above interim dividend and also approved the payment of an additional dividend of Baht 2 per share to the shareholders, or a total of Baht 132.6 million.

## 9. BANK GUARANTEES

As at 30 June 2003, there were outstanding bank guarantees of approximately Baht 31 million (31 December 2002: Baht 32 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

## **10. COMMITMENT**

As at 30 June 2003, overseas subsidiaries had outstanding commitments in respect of lease agreements payable of approximately Baht 12 million (31 December 2002: Baht 28 million).

## **11. LITIGATION**

In June 2000, a subsidiary in Singapore filed a petition to wind up an associated company in Malaysia and another petition to recover an outstanding agency balance of approximately RM 25 million or Baht 290 million. The case is under consideration of the court.

In June 2000, the subsidiary was counter-sued by the associated company, claiming compensation of approximately RM 14 million, or Baht 163 million, for illegal termination of an agency agreement. The management of subsidiary believes that the ultimate resolution of these legal proceedings is not likely to have a material effect on the results of its operations, or financial position.

## **12. SUBSEQUENT EVENT**

In July 2003, the Company has entered into the shipbuilding agreements of two vessels amounting to USD 60 million or approximately Baht 2,580 million.

## **13. FINANCIAL INFORMATION BY SEGMENT**

The Company's and its subsidiaries' operations involve mainly a single industry segment, the business of feeder and vessel operations, and are carried on in geographic area in Thailand, Singapore, Hong Kong, Taiwan and other countries around the South China Sea. Financial information of the Company and its subsidiaries presented by geographical segment are as follows: -



(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

CONSOLIDATED							
For the six-month period ended 30 June 2003							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	475	6,819	58	35	7,387	(1,039)	6,348
Gross profit	108	829	47	35	1,019	27	1,046
Other income							147
Share of profit from investments accounted for under equity method - associated companies							18
Administrative expenses							(410)
Loss on exchange							(176)
Interest expenses							(234)
Corporate income tax							(5)
Minority interest							1
Net earnings for the period							387
Property, premises, vessels and equipment	4,993	8,939	64	7	14,003	(54)	13,949
Others							5,116
Total assets							19,065

CONSOLIDATED							
For the six-month period ended 30 June 2002							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	485	6,560	53	24	7,122	(1,069)	6,053
Gross profit	161	832	52	15	1,060	6	1,066
Other income							41
Share of profit from investments accounted for under equity method - associated companies							12
Gain on exchange							482
Administrative expenses							(370)
Loss on disposal vessel							(49)
Interest expenses							(281)
Corporate income tax							(3)
Minority interest							2
Net earnings for the period							900

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	As at 31 December 2002						
	<u>Thailand</u>	<u>Singapore</u>	<u>Hong Kong</u>	<u>China</u>	<u>Total</u>	<u>Elimination</u>	<u>Grand Total</u>
Property, premises, vessels and equipment	<u>5,121</u>	<u>9,487</u>	<u>66</u>	<u>3</u>	<u>14,677</u>	<u>(63)</u>	<u>14,614</u>
Others							<u>3,752</u>
Total assets							<u>18,366</u>

### 13. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the directors of the Company.



## REGIONAL CONTAINER LINES GROUP

### QUARTERLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	1 <sup>st</sup> Quarter 2002	Half-Year 2002	9 months 2002	Yearend 2002	1 <sup>st</sup> Quarter 2003	Half-Year 2003
Freight income	2,968.4	6,053.4	9,198.0	12,366.8	3,142.1	6,347.5
Cost of freight and operations (excl. depreciatio	(2,291.5)	(4,682.2)	(7,164.3)	(9,577.2)	(2,446.5)	(5,000.3)
<b>Gross Profit</b>	<b>676.9</b>	<b>1,371.2</b>	<b>2,033.7</b>	<b>2,789.6</b>	<b>695.6</b>	<b>1,347.2</b>
<b>Gross Profit Margin</b>	<b>22.8%</b>	<b>22.7%</b>	<b>22.1%</b>	<b>22.6%</b>	<b>22.1%</b>	<b>21.2%</b>
Other income	25.2	53.4	71.3	102.0	118.8	165.7
Gain on exchange	60.1	482.1	566.8	611.9	0.0	0.0
Total other income	85.3	535.5	638.1	713.9	118.8	165.7
Admin expenses	(168.3)	(354.0)	(603.2)	(797.7)	(194.4)	(394.3)
Depreciation	(184.6)	(321.6)	(480.0)	(641.1)	(158.5)	(316.7)
Loss on exchange	0.0	0.0	0.0	0.0	(101.3)	(175.7)
Loss on impairment of fixed assets	0.0	0.0	0.0	(203.1)	0.0	0.0
Loss on disposal of vessels	0.0	(48.5)	(48.7)	(48.9)	0.0	0.0
Total other expenses	(352.9)	(724.1)	(1,131.9)	(1,690.8)	(454.2)	(886.7)
Interest expenses	(142.9)	(281.1)	(445.7)	(581.7)	(117.9)	(234.5)
Profit / (loss) before taxation	266.4	901.5	1,094.2	1,231.0	242.3	391.7
Income tax	(1.2)	(3.1)	(5.5)	(6.4)	(4.1)	(5.3)
Profit / (loss) after taxation	265.2	898.4	1,088.7	1,224.6	238.2	386.4
Minority interest	0.9	1.9	2.0	2.0	0.5	0.6
<b>Net profit / (loss) attributable to members</b>	<b>266.1</b>	<b>900.3</b>	<b>1,090.7</b>	<b>1,226.6</b>	<b>238.7</b>	<b>387.0</b>

<b>COMPUTATION OF EBITDA</b>						
Profit / (loss) before taxation	266.4	901.5	1,094.2	1,231.0	242.3	391.7
Add: Impairment loss	0.0	0.0	0.0	203.1	0.0	0.0
Add: Interest	142.9	281.1	445.7	581.7	117.9	234.5
<b>EBIT</b>	<b>409.3</b>	<b>1,182.6</b>	<b>1,539.9</b>	<b>2,015.8</b>	<b>360.2</b>	<b>626.2</b>
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	184.6	321.6	480.0	641.1	158.5	316.7
<b>EBITDA</b>	<b>593.9</b>	<b>1,504.2</b>	<b>2,019.9</b>	<b>2,656.9</b>	<b>518.7</b>	<b>942.9</b>

6 August 2003

The Board of Directors  
Regional Container Lines Public Company Limited  
30th Floor, Panjathani Tower  
127/35 Ratchadapisek Road  
Yannawa District  
**BANGKOK 10120**

Dear Sirs,

**Consolidated financial statements in United States Dollars**

As requested, we have obtained from the management the consolidated balance sheets as at 30 June 2003 and 31 December 2002, and the statements of earnings and retained earnings for the six-month periods ended 30 June 2003 and 2002 of Regional Container Lines Public Company Limited and its subsidiaries ("the Group") in United States Dollars ("USD") and performed the following procedures as agreed upon: -

- (i) We obtained management's basis in determining exchange rates applied in the translation of financial information.
- (ii) We recomputed the translation of financial information into USD.
- (iii) We checked the casting and extension of the translated USD financial information in the statements.

The above procedures do not constitute either an audit or a review in accordance with Thai generally accepted auditing standards and the basis of translation is not necessarily in compliance with Thai generally accepted accounting principles. We therefore cannot give any assurance on the basis of these procedures.

The above procedures were performed solely to assist you in the preparation of the financial information in USD for presentation to your bankers for the purpose of their facilities review, and are not to be referred to for any other purposes or distributed to any other parties without our prior consent.

Yours faithfully,  
ERNST & YOUNG OFFICE LIMITED

Vissuta Jariyathanakorn  
Partner

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	30 June 2003		31 December 2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	1,474.8	35.1	1,487.6	34.4
Short-term investment in available-for-sale securities - Unit trusts	1,350.0	32.1	-	-
Trade accounts receivable, net	1,812.8	43.1	1,841.3	42.6
Other current assets	330.5	7.9	284.8	6.6
Total current assets	4,968.1	118.2	3,613.7	83.6
Non-current assets				
Property and premises, net	2,400.0	67.0	2,498.1	67.1
Vessels and equipment, net	11,548.8	351.2	12,116.2	360.2
Other non-current assets	147.8	4.4	137.6	4.3
Total non-current assets	14,096.6	422.6	14,751.9	431.6
<b>TOTAL ASSETS</b>	<b>19,064.7</b>	<b>540.8</b>	<b>18,365.6</b>	<b>515.2</b>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Continued)

	30 June 2003		31 December 2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Promissory notes	-	-	1,000.0	23.1
Trade accounts payable	1,064.8	25.3	1,183.9	27.4
Current portion of finance lease creditors	155.7	3.7	162.9	3.7
Current portion of long-term loans	1,120.9	26.7	1,150.8	26.6
Other current liabilities	209.0	5.0	185.7	4.3
<b>Total current liabilities</b>	<b>2,550.4</b>	<b>60.7</b>	<b>3,683.3</b>	<b>85.1</b>
<b>Non-current liabilities</b>				
Finance lease creditors - net of current portion	216.4	5.2	301.7	6.9
Long-term loans - net of current portion	6,287.1	149.5	7,066.6	163.5
Debentures	3,500.0	83.3	1,000.0	23.1
<b>Total non-current liabilities</b>	<b>10,003.5</b>	<b>238.0</b>	<b>8,368.3</b>	<b>193.5</b>
<b>Total liabilities</b>	<b>12,553.9</b>	<b>298.7</b>	<b>12,051.6</b>	<b>278.6</b>
<b>Shareholders' equity</b>				
<b>Share capital</b>				
<b>Issued and fully paid</b>				
66,300,000 ordinary shares of Baht 10 each	663.0	20.6	663.0	20.6
Share premium	3,073.2	113.7	3,073.2	113.7
Translation adjustment	728.8	(4.3)	785.6	(2.1)
<b>Retained earnings</b>				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	1,954.1	109.6	1,699.7	101.9
<b>Equity attributable to Company's shareholders</b>	<b>6,485.4</b>	<b>241.5</b>	<b>6,287.8</b>	<b>236.0</b>
<b>Minority interest - equity attributable</b>				
to minority shareholders of subsidiaries	25.4	0.6	26.2	0.6
<b>Total shareholders' equity</b>	<b>6,510.8</b>	<b>242.1</b>	<b>6,314.0</b>	<b>236.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>19,064.7</b>	<b>540.8</b>	<b>18,365.6</b>	<b>515.2</b>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF EARNINGS AND RETAINED EARNINGS  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2003 AND 2002

	<u>2003</u> Million Baht	<u>2003</u> Million USD	<u>2002</u> Million Baht	<u>2002</u> Million USD
<b>EARNINGS</b>				
Revenues				
Freight income	6,347.5	149.4	6,053.4	140.5
Gain on exchange	-	-	482.1	0.4
Other income	165.7	3.9	53.4	1.3
Total revenues	<u>6,513.2</u>	<u>153.3</u>	<u>6,588.9</u>	<u>142.2</u>
Expenses				
Cost of freight and operations	5,000.3	117.7	4,682.2	108.7
Depreciation	316.7	9.4	321.6	9.7
Administrative expenses	394.3	9.3	354.0	8.2
Loss on disposal of fixed assets	-	-	48.5	1.6
Loss on exchange	175.7	0.5	-	-
Total expenses	<u>5,887.0</u>	<u>136.9</u>	<u>5,406.3</u>	<u>128.2</u>
Earnings before interest and income tax expenses	626.2	16.4	1,182.6	14.0
Interest expenses	(234.5)	(5.5)	(281.1)	(6.5)
Corporate income tax	(5.3)	(0.1)	(3.1)	(0.1)
Earnings after income tax	386.4	10.8	898.4	7.4
Net loss - minority interest	0.6	-	1.9	-
Net earnings for the period	<u>387.0</u>	<u>10.8</u>	<u>900.3</u>	<u>7.4</u>
<b>RETAINED EARNINGS</b>				
Retained earnings - unappropriated				
Balance - beginning of period	1,699.7	101.9	608.3	93.8
Net earnings for the period	387.0	10.8	900.3	7.4
Dividend paid	(132.6)	(3.1)	-	-
Total retained earnings - unappropriated	<u>1,954.1</u>	<u>109.6</u>	<u>1,508.6</u>	<u>101.2</u>
Retained earnings - appropriated				
Statutory reserve	66.3	1.9	63.7	1.9
Total retained earnings - appropriated	<u>66.3</u>	<u>1.9</u>	<u>63.7</u>	<u>1.9</u>
Total retained earnings	<u>2,020.4</u>	<u>111.5</u>	<u>1,572.3</u>	<u>103.1</u>

See Basis of Preparation

**BASIS OF PREPARATION**

**1. THAI BAHT FIGURES**

The Thai Baht figures in the balance sheet as at 30 June 2003 and profit and loss accounts for the six-month periods ended 30 June 2003 and 2002 were extracted from the reviewed consolidated financial statements. The Thai Baht figures in the balance sheet as at 31 December 2002 were extracted from the audited consolidated financial statements. The consolidated financial statements included the financial statements of Regional Container Lines Public Company Limited (hereinafter called “the Company”) and its subsidiaries in Thailand, Singapore, Hong Kong and the People’s Republic of China.

For consolidation purposes, foreign currency financial statements of the subsidiaries were translated into Thai Baht at the closing exchange rates as to assets and liabilities, and at the average rates as to revenues and expenses. The resultant difference has been presented under the caption of “Translation adjustment” in the shareholders’ equity.

**2. USD FIGURES**

2.1 The USD figures in the consolidated balance sheets were determined by translating the Thai Baht consolidated balance sheets of the Group using the following exchange rates :-

a) For assets and liabilities, we used the following approximate rates :-

As of 30 June 2003 : USD 1 = Baht 42.0253  
As of 31 December 2002 : USD 1 = Baht 43.1993

b) The approximate rates as of 1 January 1997 were used for brought-forward balances of share capital, share premium, investments, property, vessels and equipment:-

*For the Company and its Thailand subsidiary*

USD 1 = Baht 25.5850



*For its Singapore subsidiaries*

USD 1 = SGD 1.4020

*For its Hong Kong subsidiaries*

USD 1 = HKD 7.7296

- c) Approximate rates as at the transaction dates were used for additional share capital, share premium, property, vessels and equipment, and disposals of vessels and equipment.

Any differences have been included in "Translation adjustment".

- 2.2 The USD figures in the consolidated profit and loss accounts were determined by translating the Thai Baht consolidated profit and loss accounts of the Group using the average exchange rates, which were as follows :-

30 June 2003 : USD 1 = Baht 42.4868

30 June 2002 : USD 1 = Baht 43.0783