



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

PRESS RELEASE
FINANCIAL RESULTS AS AT 31 DECEMBER 2003

As the global and regional economies picked up in 4th quarter of 2003, Regional Container Lines Public Company Limited lifting in 4th quarter improved 9% compared to the same period last year at 457,614 lifts. Despite uncertainty in early 2003, the Group had registered a record lifting of 1.73 million TEUS in 2003 and which represented 8% increase based on year-on-year comparison.

The Group's turnover for the fourth quarter before exchange difference was up 9% at THB3.48 billion compared to THB3.20 billion for the same quarter last year and was in line with the improved lifting. The regional currency had strengthened against US Dollar and as the Group's income is US Dollar based, the Group's turnover had suffered a translation loss estimated at 8% on year-on-year basis compared to the same quarter last year. If we take into account this loss in translation, the freight rate restoration had shown some true sign of recovery in 4th quarter this year. 2003 full year turnover before exchange difference stood at THB13.38 billion and was 7% higher than 2002. Taking into consideration the translation loss, the increased in turnover was in line with the improved lifting with improvement in freight rate, in particular, in second half of the year.

The cost of freight and operation in 4th quarter of 2003 increased 8% at THB2.78 billion and was in line with improved lifting. As external time charter and bunker expenses had stayed persistently high throughout the year, the moderate increase in cost had reflected a fair amount of cost reduction in other operational areas. 2003 full year cost of freight and operation increased only 6% at THB10.84 billion and once again when compared to the improved lifting, represented a very strong management effort in containing the cost itself.

The loss on impairment of the Group's property assets in 2003 was THB337 million and which is THB134 million higher than previous year. Due to the SARS epidemic, Singapore office property market had slowed down substantially and hence a higher impairment charge was being recorded.

With the improved lifting and stringent cost containment, net profit of the Group before exchange difference and impairment loss in 4th quarter of 2003 increased 14% at THB333 million. 2003 full year net profit was up 39% at THB1.14 billion compared to 2002. The Group recorded an exchange loss of THB11.6 million this year versus a gain on exchange of THB612 million last year. Consequently, the net profit after exchange difference for 2003 was THB791 million and was THB436 million lower than 2002.

Regional Container Lines PLC
February 24, 2004



REGIONAL CONTAINER LINES GROUP

YEARLY EARNING STATEMENTS IN US\$

(million US\$)

	Yearend 2003	Yearend 2002	Yearend 2001	Yearend 2000	Yearend 1999
Freight income	315.5	287.6	301.6	332.2	281.6
Cost of freight and operations (excl. depreciation)	(247.1)	(222.7)	(229.9)	(247.3)	(206.3)
Gross Profit	68.4	64.9	71.7	84.9	75.3
Gross Profit Margin	21.7%	22.6%	23.8%	25.6%	26.7%
Other income	7.2	2.4	2.4	2.8	3.4
Gain on exchange	0.0	2.4	0.0	0.0	1.4
Total other income	7.2	4.8	2.4	2.8	4.8
Admin expenses	(21.1)	(18.6)	(18.6)	(21.9)	(16.6)
Depreciation	(18.9)	(19.2)	(21.9)	(20.7)	(18.0)
Loss on exchange	(0.6)	0.0	(1.7)	(2.2)	0.0
Loss on impairment of fixed assets	(9.4)	(5.5)	(10.3)	(28.5)	0.0
Loss on disposal of vessels	0.0	(1.6)	0.0	0.0	0.0
Total other expenses	(50.0)	(44.9)	(52.5)	(73.3)	(34.6)
Interest expenses	(11.3)	(13.5)	(18.4)	(23.0)	(22.3)
Profit / (loss) before taxation	14.3	11.3	3.2	(8.6)	23.2
Income tax	(0.6)	(0.1)	(0.1)	(0.3)	(0.8)
Profit / (loss) after taxation	13.7	11.2	3.1	(8.9)	22.4
Minority interest	0.0	0.0	0.0	(0.1)	(0.2)
Net profit / (loss) attributable to members	13.7	11.2	3.1	(9.0)	22.2

Computation of EBITDA					
Profit / (loss) before taxation	14.3	11.3	3.2	(8.6)	23.2
Add: Impairment loss	9.4	5.5	10.3	28.5	0.0
Add: Interest	11.3	13.5	18.4	23.0	22.3
EBIT	35.0	30.3	31.9	42.9	45.5
Add: Amortisation	0.0	0.0	0.3	0.6	0.6
Add: Depreciation	18.9	19.2	21.9	20.7	18.0
EBITDA	53.9	49.5	54.1	64.2	64.1

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2003

Report of Independent Auditor

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

I have audited the consolidated balance sheets of Regional Container Lines Public Company Limited and its subsidiaries as at 31 December 2003 and 2002 and the related statements of earnings, changes in shareholders' equity, and cash flows for the years then ended, and the separate financial statements of Regional Container Lines Public Company Limited. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Container Lines Public Company Limited and its subsidiaries and of Regional Container Lines Public Company Limited as at 31 December 2003 and 2002 and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited
Bangkok: 13 February 2004

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	<u>Note</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
ASSETS					
Current assets					
Cash and cash equivalents		1,926,964,058	1,487,595,546	334,589,007	265,234,753
Short-term investments in available-for-sale securities - Unit trusts		730,188,923	-	730,188,923	-
Trade accounts receivable		1,291,366,143	1,866,757,839	-	-
Less: allowance for doubtful debts		(64,238,975)	(25,487,721)	-	-
Trade accounts receivable, net	4	1,227,127,168	1,841,270,118	-	-
Trade accounts receivable - related parties	4, 10	-	-	2,369,271,901	2,159,445,605
Material supplies		125,730,624	124,400,939	5,416,678	5,479,122
Other current assets		292,044,921	160,381,341	13,510,071	39,571,270
Total current assets		<u>4,302,055,694</u>	<u>3,613,647,944</u>	<u>3,452,976,580</u>	<u>2,469,730,750</u>
Non-current assets					
Property investments held for long-term investment		2,042,320	2,215,600	-	-
Investments accounted for under equity method	5	128,007,163	97,870,835	2,199,123,074	1,553,723,580
Other long-term investments		34,660,767	33,803,139	-	-
Property and premises, net	6	2,006,355,292	2,498,140,327	22,473,025	24,743,597
Vessels and equipment, net	6	11,328,294,214	12,116,186,489	4,966,871,600	5,092,664,201
Other non-current assets		3,823,563	3,668,625	1,554,238	1,489,294
Total non-current assets		<u>13,503,183,319</u>	<u>14,751,885,015</u>	<u>7,190,021,937</u>	<u>6,672,620,672</u>
TOTAL ASSETS		<u><u>17,805,239,013</u></u>	<u><u>18,365,532,959</u></u>	<u><u>10,642,998,517</u></u>	<u><u>9,142,351,422</u></u>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Promissory notes	7	-	1,000,000,000	-	1,000,000,000
Trade accounts payable		1,198,459,685	1,183,890,354	-	-
Trade accounts payable - related party	10	-	-	21,107,301	31,046,798
Current portion of finance lease creditors		122,756,948	162,882,885	-	-
Current portion of long-term loans	8	955,736,977	1,150,750,986	186,777,054	198,642,491
Current portion of debenture	9	690,000,000	-	690,000,000	-
Corporate income tax payable		20,294,536	5,068,241	13,661,996	-
Other current liabilities		186,159,245	180,675,807	45,216,262	53,327,907
Total current liabilities		<u>3,173,407,391</u>	<u>3,683,268,273</u>	<u>956,762,613</u>	<u>1,283,017,196</u>
Non-current liabilities					
Finance lease creditors, net of current portion		153,975,104	301,732,639	-	-
Long-term loans, net of current portion	8	5,123,308,708	7,066,579,183	345,055,170	571,592,243
Debentures, net of current portion	9	2,500,000,000	1,000,000,000	2,500,000,000	1,000,000,000
Total non-current liabilities		<u>7,777,283,812</u>	<u>8,368,311,822</u>	<u>2,845,055,170</u>	<u>1,571,592,243</u>
Total liabilities		<u>10,950,691,203</u>	<u>12,051,580,095</u>	<u>3,801,817,783</u>	<u>2,854,609,439</u>
Shareholders' equity					
Share capital					
Registered					
663,000,000 ordinary shares of Baht 1 each					
(2002: 66,300,000 ordinary shares of Baht 10 each)					
		<u>663,000,000</u>	<u>663,000,000</u>	<u>663,000,000</u>	<u>663,000,000</u>
Issued and paid-up					
663,000,000 ordinary shares of Baht 1 each					
(2002: 66,300,000 ordinary shares of Baht 10 each)					
		663,000,000	663,000,000	663,000,000	663,000,000
Share premium		3,073,190,443	3,073,190,443	3,073,190,443	3,073,190,443
Translation adjustment		677,687,453	785,659,932	677,687,453	785,659,932
Retained earnings					
Appropriated - statutory reserve					
	12	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated					
		2,358,156,108	1,699,591,608	2,358,156,108	1,699,591,608
Unrealised gain on changes in the value of investments					
		2,846,730	-	2,846,730	-
Equity attributable to Company's shareholders		<u>6,841,180,734</u>	<u>6,287,741,983</u>	<u>6,841,180,734</u>	<u>6,287,741,983</u>
Minority interest - equity attributable to					
minority shareholders' of subsidiaries					
		13,367,076	26,210,881	-	-
Total shareholders' equity		<u>6,854,547,810</u>	<u>6,313,952,864</u>	<u>6,841,180,734</u>	<u>6,287,741,983</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>17,805,239,013</u>	<u>18,365,532,959</u>	<u>10,642,998,517</u>	<u>9,142,351,422</u>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
Revenues					
Freight income		13,082,105,461	12,366,846,317	950,037,602	822,611,653
Other income		257,228,945	76,720,411	145,348,285	7,085,824
Gain on exchange		-	611,927,452	-	117,149,666
Share of profit from investments accounted for under equity method - subsidiaries		-	-	708,362,420	1,076,386,935
Share of profit from investments accounted for under equity method - associated companies		40,721,155	25,312,161	40,721,155	25,312,161
Total revenues		<u>13,380,055,561</u>	<u>13,080,806,341</u>	<u>1,844,469,462</u>	<u>2,048,546,239</u>
Expenses					
Cost of freight and operations		10,843,321,251	10,185,456,927	590,370,053	583,130,657
Administrative expenses		899,724,485	826,342,955	126,806,606	87,715,032
Loss on impairment of buildings	6	336,780,612	203,140,618	-	-
Loss on disposal of vessel		-	48,864,549	-	-
Loss on exchange		11,637,412	-	143,090,241	-
Directors' remuneration	15	4,900,000	4,300,000	4,900,000	4,300,000
Total expenses		<u>12,096,363,760</u>	<u>11,268,105,049</u>	<u>865,166,900</u>	<u>675,145,689</u>
Earnings before interest and income tax expenses		1,283,691,801	1,812,701,292	979,302,562	1,373,400,550
Interest expenses		(469,509,022)	(581,753,194)	(173,286,418)	(146,477,620)
Corporate income tax	16	(24,293,691)	(6,386,403)	(14,851,644)	(350,631)
Earnings after income tax		789,889,088	1,224,561,695	791,164,500	1,226,572,299
Net loss - minority interest		1,275,412	2,010,604	-	-
Net earnings		<u>791,164,500</u>	<u>1,226,572,299</u>	<u>791,164,500</u>	<u>1,226,572,299</u>
Basic earnings per share					
Net earnings		<u>1.19</u>	<u>1.87</u>	<u>1.19</u>	<u>1.87</u>
Weighted average number of shares (shares)		<u>663,000,000</u>	<u>655,712,190</u>	<u>663,000,000</u>	<u>655,712,190</u>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

CONSOLIDATED

	Note	Issued and paid-up		Translation adjustment	Retained earnings		Unrealised gain on changes in the value of investments	Minority interest of subsidiaries	Total
		share capital	Share premium		Statutory reserve	Unappropriated			
Balance - beginning of the year 2002		636,662,870	2,986,277,914	748,462,035	63,666,287	608,253,022	-	28,407,482	5,071,729,610
Ordinary share increase	11	26,337,130	86,912,529	-	-	-	-	-	113,249,659
Translation adjustment		-	-	37,197,897	-	-	-	-	37,197,897
Net earnings for the year 2002		-	-	-	-	1,226,572,299	-	-	1,226,572,299
Statutory reserve	12	-	-	-	2,633,713	(2,633,713)	-	-	-
Dividend paid	13	-	-	-	-	(132,600,000)	-	-	(132,600,000)
Decrease in minority interest		-	-	-	-	-	-	(2,196,601)	(2,196,601)
Balance - end of the year 2002		663,000,000	3,073,190,443	785,659,932	66,300,000	1,699,591,608	-	26,210,881	6,313,952,864
Translation adjustment		-	-	(107,972,479)	-	-	-	-	(107,972,479)
Net earnings for the year 2003		-	-	-	-	791,164,500	-	-	791,164,500
Dividend paid	13	-	-	-	-	(132,600,000)	-	-	(132,600,000)
Unrealised gain on changes in the value of investmer		-	-	-	-	-	2,846,730	-	2,846,730
Decrease in minority interest		-	-	-	-	-	-	(12,843,805)	(12,843,805)
Balance - end of the year 2003		663,000,000	3,073,190,443	677,687,453	66,300,000	2,358,156,108	2,846,730	13,367,076	6,854,547,810

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

THE COMPANY ONLY

	Note	Issued and paid-up		Translation adjustment	Retained earnings		Unrealised gain on changes in the value of investments	Total
		share capital	Share premium		Statutory reserve	Unappropriated		
Balance - beginning of the year 2002		636,662,870	2,986,277,914	748,462,035	63,666,287	608,253,022	-	5,043,322,128
Ordinary share increase	11	26,337,130	86,912,529	-	-	-	-	113,249,659
Translation adjustment		-	-	37,197,897	-	-	-	37,197,897
Net earnings for the year 2002		-	-	-	-	1,226,572,299	-	1,226,572,299
Statutory reserve	12	-	-	-	2,633,713	(2,633,713)	-	-
Dividend paid	13	-	-	-	-	(132,600,000)	-	(132,600,000)
Balance - end of the year 2002		663,000,000	3,073,190,443	785,659,932	66,300,000	1,699,591,608	-	6,287,741,983
Translation adjustment		-	-	(107,972,479)	-	-	-	(107,972,479)
Net earnings for the year 2003		-	-	-	-	791,164,500	-	791,164,500
Dividend paid	13	-	-	-	-	(132,600,000)	-	(132,600,000)
Unrealised gain on changes in the value of investments		-	-	-	-	-	2,846,730	2,846,730
Balance - end of the year 2003		663,000,000	3,073,190,443	677,687,453	66,300,000	2,358,156,108	2,846,730	6,841,180,734

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Cash flows from operating activities				
Net earnings	791,164,500	1,226,572,299	791,164,500	1,226,572,299
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: -				
Depreciation	626,653,774	641,054,536	255,440,300	245,729,204
Share of profit from investments accounted for under equity method - subsidiaries	-	-	(708,362,420)	(1,076,386,935)
Share of profit from investments accounted for under equity method - associated companies	(40,721,155)	(25,312,161)	(40,721,155)	(25,312,161)
Loss on impairment of buildings	336,780,612	203,140,618	-	-
Loss on disposal of vessel	-	48,864,549	-	-
Increase (decrease) in allowance for doubtful debts	38,751,254	(15,273,335)	-	-
Unrealised exchange loss (gain)	(15,103,176)	(506,049,583)	127,658,615	1,916,210
Minority interest	(1,275,412)	(2,010,604)	-	-
	<u>1,736,250,397</u>	<u>1,570,986,319</u>	<u>425,179,840</u>	<u>372,518,617</u>
Operating assets (increase) decrease				
Trade accounts receivable	424,215,366	214,647,816	-	54,726
Trade accounts receivable - related parties	-	12,343,863	(376,990,268)	(47,412,587)
Material supplies	(1,329,685)	(30,471,066)	62,444	(1,008,264)
Other current assets	(131,679,992)	(30,468,422)	26,044,787	(712,414)
Other non-current assets	(154,938)	31,026,375	(64,940)	29,174,343
Operating liabilities increase (decrease)				
Trade accounts payable	14,569,331	(249,628,093)	-	(1,460,015)
Trade accounts payable - related party	-	(10,433,683)	(10,177,747)	(266,349,384)
Corporate income tax payable	15,226,295	(2,658,515)	13,661,996	(837,769)
Other current liabilities	(6,084,955)	36,462,422	(8,111,645)	4,198,282
Net cash flows provided by operating activities	<u>2,051,011,819</u>	<u>1,541,807,016</u>	<u>69,604,467</u>	<u>88,165,535</u>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Cash flows from investing activities				
Short-term investments in available for sale securities - Unit trusts	(727,342,193)	-	(727,342,193)	-
Decrease (increase) in property, premises, vessels and equipmen	316,242,924	(404,657,359)	(127,377,129)	(128,846,310)
Increase in investments accounted for under equity method	-	-	(14,288,400)	(10,396,800)
Dividend received from associated company	10,000,000	7,000,000	10,000,000	7,000,000
Decrease (increase) in other long-term investments	(857,628)	2,034,882	-	-
Translation adjustment	(107,214,372)	57,906,284	-	-
Net cash used in investing activities	<u>(509,171,269)</u>	<u>(337,716,193)</u>	<u>(859,007,722)</u>	<u>(132,243,110)</u>
Cash flows from financing activities				
Increase (decrease) in promissory notes	(1,000,000,000)	1,000,000,000	(1,000,000,000)	1,000,000,000
Decrease in finance lease creditors	(182,082,210)	(165,505,037)	-	-
Decrease in long-term loans	(1,977,789,828)	(1,389,172,047)	(198,642,491)	(738,712,241)
Increase in debentures	2,190,000,000	-	2,190,000,000	-
Cash received from capital increase	-	113,249,659	-	113,249,659
Dividend paid	(132,600,000)	(132,600,000)	(132,600,000)	(132,600,000)
Net cash provided by (used in) financing activities	<u>(1,102,472,038)</u>	<u>(574,027,425)</u>	<u>858,757,509</u>	<u>241,937,418</u>
Net increase in cash and cash equivalents	439,368,512	630,063,398	69,354,254	197,859,843
Cash and cash equivalents at beginning of year	1,487,595,546	857,532,148	265,234,753	67,374,910
Cash and cash equivalents at end of year	<u>1,926,964,058</u>	<u>1,487,595,546</u>	<u>334,589,007</u>	<u>265,234,753</u>
Supplemental cash flows information: -				
Cash paid during the year for: -				
Interest expenses	329,139,989	422,327,583	161,468,412	153,147,229
Corporate income tax	17,431,211	3,232,359	1,008,433	837,769
Non-cash transaction: -				
Unrealised gain on change in the value of investment	2,846,730	-	2,846,730	-

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO FINANCIAL STATEMENTS
 31 DECEMBER 2003 AND 2002

1. GENERAL INFORMATION

Regional Container Lines Public Company Limited was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and other countries in South China Sea and its principal activity is in the business of international vessel operations.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited (hereinafter called "the Company") and the following subsidiaries: -

	<u>Name</u>	<u>Type of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
	<u>Subsidiaries operating in Thailand</u>			
a)	Asian Bulk Shipping Co., Ltd.	Ship operating	Thailand	51% owned by the Company
b)	RCL Logistics Co., Ltd.	Logistics services	Thailand	100% owned by the Company
	<u>Group of subsidiaries operating in Singapore</u>			
c)	RCL Investment Pte. Ltd.	Holding company	Singapore	100% owned by the Company
d)	Regional Container Line Pte. Ltd. and its subsidiaries, Regional Consolidation Systems Pte. Ltd. (80% owned) and Point-To-Point Regional Pte Ltd. (80% owned) (The two subsidiaries deregistered in 2003)	Ship owning and operating	Singapore	85% owned by the Company and 15% owned by RCL Investment Pte. Ltd.
e)	RCL Feeder Pte Ltd. and its subsidiaries, RCL Australia Pty Ltd. (69% owned), RCL Agencies (M) Sdn Bhd. (100% owned) and RCL Cambodia Co., Ltd. (100% owned), which is in the process of liquidation.	Cargo consolidation and operating	Singapore	98% owned by the Company and 2% owned by Regional Container Line Pte. Ltd.
f)	RCL Services SA	Ship operating	Panama	51% owned by RCL Investment Pte Ltd. and 49% owned by the Company
g)	RCL Holdings Ltd.	Ship owning and operating	Singapore	51% owned by RCL Investment Pte Ltd. and 49% owned by the Company

	<u>Name</u>	<u>Type of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
h)	RCL Ship Management Pte. Ltd.	Ship management	Singapore	51% owned by RCL Investment Pte Ltd. and 49% owned by the Company
	<u>Group of subsidiaries operating in Hong Kong</u>			
i)	Regional Container Lines (H.K.) Ltd.	Holding company, shipping agent and broker	Hong Kong	100% owned by the Company
j)	Euro-Asia Line (H.K.) Ltd. (The company is in the process of liquidation)	Shipping agent and broker	Hong Kong	100% owned by Regional Container Lines (H.K.) Ltd.
k)	Regional Freighters Ltd. (The company deregistered on 2 January 2004)	Transport agent and related operations	Hong Kong	100% owned by Regional Container Lines (H.K.) Ltd.
l)	Regional Shipping Lines S.A. (The company deregistered in 2003)	Shipping management consultant	Panama	100% owned by Regional Container Lines (H.K.) Ltd.
m)	RCL (Xiamen) Ltd. (The company is in the process of liquidation)	Ship owning and operating	Hong Kong	75% owned by Regional Container Lines (H.K.) Ltd.
	<u>Subsidiaries operating in the People's Republic of China</u>			
n)	Regional Container Lines Shipping Co., Ltd.	Shipping agent and broker	The People's Republic of China	100% owned by the Company

2.2 The consolidated financial statements for the year ended 31 December 2003 and 2002 include the financial statements of a subsidiary operating in the People's Republic of China, which commenced its operations during year 2001. These financial statements were audited by another audit firm. Total assets of the subsidiary included at 31 December 2003 and 2002 amounted to Baht 87 million and Baht 75 million, respectively, and total revenues for the years then ended amounted to Baht 76 million and Baht 50 million, respectively.

2.3 Outstanding balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The cost of the investments of the Company in the subsidiaries exceeded their net book value at the acquisition date. The excess is being amortised over a period of 10 years.

2.4 The financial statements of the overseas subsidiaries are translated into Thai Baht at the average closing exchange rate as to assets and liabilities, and at the average exchange rate for revenues and expenses. The resultant difference has been shown under the caption of "Translation adjustment" in shareholders' equity.

2.5 No Thai income tax has been accrued for undistributed earnings of the overseas subsidiaries, since the earnings are intended to be retained by those subsidiaries for long-term reinvestment purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand and with the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiaries are summarised below: -

3.1 Revenues

Freight income is recognised when services have been rendered.

3.2 Cash and cash equivalents

Cash and cash equivalents included cash in hand and at financial institutions with an original maturity of 3 months or less and free from restriction.

3.3 Allowance for doubtful debts

The Company and its subsidiaries provide a general allowance for doubtful debts for their outstanding receivables.

3.4 Material supplies

Material supplies are valued at cost, on a first-in, first-out basis.

3.5 Property, premises, vessels and equipment/Depreciation and amortisation

The Company and its subsidiaries initially recorded property, premises, vessels, and equipment at their cost at the acquisition date. Revaluation of these assets is to be made with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date. When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised as an expense in the earnings statement.

Depreciation of fixed assets is calculated by reference to their cost (after deducting residual value in the case of vessels acquired since 1993) on a straight-line basis over the following estimated useful lives of assets.

Vessels	5 - 20 years
Condominiums and building leaseholds	20, 50 years
Other fixed assets	3 - 10 years
Long-term land leaseholds and leasehold improvements	The term of the lease

No depreciation is provided for land and vessels under construction.

Assets of the overseas subsidiaries costing less than Baht 7,500 each are expensed in the earnings statement in the year of acquisition.

3.6 Investments

(a) Investments in available-for-sale securities are determined at fair value. Changes in the value of securities are recorded as a separate item in shareholders' equity until the securities are sold, when the changes are included in determining earnings.

The fair value of unit trusts is their net asset value.

(b) Investments in subsidiary and associated companies are stated under the equity method.

(c) Other long-term investments in non-marketable equity securities are stated at cost.

Provision for loss is set aside only for any permanent diminution in the value of the investments.

3.7 Foreign currencies

Foreign currency transactions during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date, with the exception of those covered by forward exchange contracts which are translated at the contracted rates.

Exchange gains and losses are included in determining earnings. Premiums on forward exchange contracts have been charged to expenses over the contract periods.

3.8 Property investments held for long-term investment

Property investments held for long-term investment are stated at fair value.

3.9 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles in certain circumstances requires management to make estimates and assumptions, such as estimates of useful life of assets and of provision for doubtful accounts, that affect amounts reported in the accompanying financial statements and notes thereto. Actual results could differ from these estimates.

3.10 Basic earnings per share

Basic earnings per share is calculated by dividing net earnings for the year by the number of ordinary shares in issue during the year, after adjusting the number of shares as if the change in the par value of the shares discussed in Note 11 had been made since the reported period.

4. TRADE ACCOUNTS RECEIVABLE/TRADE ACCOUNTS RECEIVABLE - RELATED PARTIES

The balances of trade accounts receivable as at 31 December 2003 and 2002, are classified by aging as follows: -

	(Unit: Thousand Baht)	
	CONSOLIDATED	
	<u>2003</u>	<u>2002</u>
Under 90 days	1,165,553	1,849,145
91 - 180 days	106,638	13,288
181 - 365 days	3,960	2,912
Over 365 days	15,215	1,413
Total	<u>1,291,366</u>	<u>1,866,758</u>
Less: Allowance for doubtful debts	(64,239)	(25,488)
Net	<u><u>1,227,127</u></u>	<u><u>1,841,270</u></u>

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

The balances of trade accounts receivable - related parties as at 31 December 2003 and 2002, are classified by aging as follows: -

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>
	Under 90 days	306,243
91 - 180 days	219,474	212,062
181 - 365 days	385,203	422,745
Over 365 days	1,458,352	1,332,090
	2,369,272	2,159,446

5. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

The Company Only

(Unit: Million Baht)

<u>Company's name</u>	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	Cost method		Equity method	
			Percent	Percent	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Investments in subsidiaries</u>								
<u>Subsidiaries operating in Thailand</u>								
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	21	14
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(1,391)	(1,378)
d) Regional Container Lines Pte Ltd.	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	2,890	2,826
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	243	(312)
f) RCL Service SA	USD 10,000	USD 10,000	49	49	2	2	39	38
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	141	150
h) RCL Ship Management Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	7	7

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
	2003	2002	2003 Percent	2002 Percent	Cost method		Equity method	
					2003	2002	2003	2002
<u>Subsidiaries operating in Hong Kong</u>								
i) Regional Container Lines (H.K.) Ltd.	HK\$ 4 Million	HK\$ 4 Million	100	100	132	132	70	69
<u>Subsidiary operating in the People's Republic of China</u>								
j) Regional Container Lines Shipping Co., Ltd.	USD 1.6 Million	USD 1.24 Million	100	100	68	54	58	49
Total investments in subsidiaries					2,126	2,112	2,080	1,465
<u>Investment in associated company</u>								
<u>Associated company operating in Thailand</u>								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	119	89
Total investment in associated company					20	20	119	89
Total investments accounted for under equity method					<u>2,146</u>	<u>2,132</u>	<u>2,199</u>	<u>1,554</u>

The accumulated share of the profit of the associated company, as at 31 December 2003, is calculated based on the financial statements of the associated company, which is unaudited by that company's auditor.

CONSOLIDATED

(Unit: Thousand Baht)

	<u>2003</u>	<u>2002</u>
The Company's investment in associated company	119,290	88,570
The subsidiaries' investment in associated company	8,717	9,301
Total investments accounted for under equity method	<u>128,007</u>	<u>97,871</u>

During October 2003, the Company invested an additional Baht 14 million in Regional Container Lines Shipping Co., Ltd., which operates in the People's Republic of China. The Company owns all shares in that company.

6. PROPERTY, PREMISES, VESSELS AND EQUIPMENT

PROPERTY AND PREMISES

(Unit: Baht)

	Office building in Bangkok	Office building in Singapore	Office building in Hong Kong	Improvement of building in Singapore	Improvement of building in Hong Kong	Total
<u>Cost</u>						
31 December 2002	45,746,387	4,040,595,621	344,953,067	-	13,784,333	4,445,079,408
Acquisitions	-	-	-	116,774	5,558,003	5,674,777
Transfer in	-	-	-	28,748,912	738,928	29,487,840
Disposals	-	-	-	-	(13,991,697)	(13,991,697)
Transfer out	-	(13,087)	-	-	-	(13,087)
Translation adjustment	-	(254,060,539)	(26,978,456)	(649,206)	(760,755)	(282,448,956)
31 December 2003	45,746,387	3,786,521,995	317,974,611	28,216,480	5,328,812	4,183,788,285
<u>Accumulated depreciation</u>						
31 December 2002	21,002,790	226,622,368	35,710,002	-	13,771,149	297,106,309
Depreciation for the year	2,270,572	8,550,090	641,731	856,364	312,036	12,630,793
Depreciation for transfer in	-	-	-	27,289,790	365,919	27,655,709
Depreciation for disposals	-	-	-	-	(13,640,151)	(13,640,151)
Translation adjustment	-	(14,427,078)	(2,819,308)	(635,016)	(542,514)	(18,423,916)
31 December 2003	23,273,362	220,745,380	33,532,425	27,511,138	266,439	305,328,744
<u>Provision for impairment loss</u>						
31 December 2002	-	1,403,814,070	246,018,702	-	-	1,649,832,772
Impairment loss for the year	-	336,780,612	-	-	-	336,780,612
Translation adjustment	-	(95,268,243)	(19,240,892)	-	-	(114,509,135)
31 December 2003	-	1,645,326,439	226,777,810	-	-	1,872,104,249
<u>Net book value</u>						
31 December 2002	24,743,597	2,410,159,183	63,224,363	-	13,184	2,498,140,327
31 December 2003	22,473,025	1,920,450,176	57,664,376	705,342	5,062,373	2,006,355,292

The subsidiaries have mortgaged the above properties to secure credit facilities.

VESSELS AND EQUIPMENT

CONSOLIDATED

(Unit: Baht)

	Vessels	Vessels under construction	Containers	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>						
31 December 2002	14,584,131,738	-	1,593,776,858	164,402,941	29,195,815	16,371,507,352
Acquisitions	-	240,248,534	-	19,161,630	6,728,156	266,138,320
Transfer in	-	-	580,000	13,087	-	593,087
Disposals	-	-	(109,787,325)	(10,395,987)	(7,451,531)	(127,634,843)
Transfer out	-	-	-	(30,067,840)	-	(30,067,840)
Translation adjustment	(515,041,671)	(2,381,133)	(97,929,906)	(5,740,298)	106,670	(620,986,338)
31 December 2003	14,069,090,067	237,867,401	1,386,639,627	137,373,533	28,579,110	15,859,549,738
<u>Accumulated depreciation</u>						
31 December 2002	3,161,495,379	-	937,858,728	138,301,454	17,665,302	4,255,320,863
Depreciation for the year	513,598,509	-	82,720,783	13,957,028	3,746,661	614,022,981
Transfer in	-	-	9,667	-	-	9,667
Depreciation for disposals	-	-	(109,712,867)	(8,796,349)	(5,089,845)	(123,599,061)
Transfer out	-	-	-	(27,665,376)	-	(27,665,376)
Translation adjustment	(124,079,775)	-	(58,406,322)	(4,777,673)	430,220	(186,833,550)
31 December 2003	3,551,014,113	-	852,469,989	111,019,084	16,752,338	4,531,255,524
<u>Net book value</u>						
31 December 2002	11,422,636,359	-	655,918,130	26,101,487	11,530,513	12,116,186,489
31 December 2003	10,518,075,954	237,867,401	534,169,638	26,354,449	11,826,772	11,328,294,214
<u>Depreciation of property, premises, vessels and equipment for the year</u>						
2002						641,054,536
2003						626,653,774

Containers with net book values amounting to approximately Baht 534 million as at 31 December 2003 (2002: Baht 602 million) were acquired under finance lease agreements.

At the end of the years 2003 and 2002, the subsidiaries in Singapore and Hong Kong arranged to reevaluate the pricing of their vessels and buildings by appraisal and recorded losses of Baht 336.8 million and Baht 203.1 million, respectively, as a result of appraisal values exceeding book values of office buildings. Such losses were recorded in determining earnings.

The Company and subsidiaries have mortgaged most of their vessels to secure credit facilities granted to the Group.

VESSELS AND EQUIPMENT

THE COMPANY ONLY

(Unit: Baht)

	Vessels	Vessels under construction	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>					
31 December 2002	6,389,972,664	-	22,449,442	8,603,500	6,421,025,606
Acquisitions	-	125,697,550	1,107,136	1,192,000	127,996,686
Disposals	-	-	(167,000)	(1,932,000)	(2,099,000)
31 December 2003	6,389,972,664	125,697,550	23,389,578	7,863,500	6,546,923,292
<u>Accumulated depreciation</u>					
31 December 2002	1,304,368,831	-	16,165,609	7,826,965	1,328,361,405
Depreciation for the year	250,540,836	-	2,352,715	276,177	253,169,728
Depreciation for disposals	-	-	(166,999)	(1,312,442)	(1,479,441)
31 December 2003	1,554,909,667	-	18,351,325	6,790,700	1,580,051,692
<u>Net book value</u>					
31 December 2002	5,085,603,833	-	6,283,833	776,535	5,092,664,201
31 December 2003	4,835,062,997	125,697,550	5,038,253	1,072,800	4,966,871,600
<u>Depreciation of property, premises, vessels and equipment for the year</u>					
2002					245,729,204
2003					255,440,300

7. PROMISSORY NOTES

During 2002, the Company issued Baht 1,000 million of negotiable one-year promissory notes, bearing interest at a rate of 4.5 percent per annum, payable quarterly. The Company repaid all associated debt during the year 2003.

8. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Loans of the Company:</u>				
1) USD 9 million loans (2002: USD 11 million) with a maturity period of 10 years, and interest rate in the range of LIBOR - 3.71% to + 2% p.a., repayable semi-annually until the year 2008.	357,584	476,268	357,584	476,268
2) USD 1 million loan (2002: USD 1.7 million) with a maturity period of 7 years, and interest at LIBOR + 3% p.a. (2002: LIBOR + 2% p.a.), repayable quarterly until the year 2005.	40,397	73,417	40,397	73,417
3) Baht 40.2 million loan (2002: Baht 66.9 million) with a maturity period of 7 years, and interest at 5% p.a., Repayable quarterly until the year 2005.	40,152	66,922	40,152	66,922
4) Baht 48.6 million loan (2002: Baht 76.4 million) with a maturity period of 7 years, interest at 5% p.a., repayable quarterly until the year 2005.	48,626	76,414	48,626	76,414
5) USD 1.1 million loan (2002: Baht 1.8 million) with a maturity period of 7 years, interest at LIBOR + 2.5% p.a., repayable quarterly until the year 2005.	45,073	77,213	45,073	77,213
<u>Loans of the Singaporean subsidiaries:</u>				
6) USD 82.8 million loan (2002: USD 93.4 million), repayable quarterly until the year 2009.	3,279,971	4,032,637	-	-
7) USD 42.7 million loan (2002: USD 53.6 million), repayable semi-annually until the year 2009.	1,692,505	2,315,473	-	-
8) USD 9 million loan (2002: USD 13 million), repayable quarterly until the year 2006.	356,734	561,589	-	-
9) USD 5.5 million loan (2002: USD 12.4 million), repayable semi-annually until the year 2011.	218,004	537,397	-	-
Total	6,079,046	8,217,330	531,832	770,234
Less: Current portion	(955,737)	(1,150,751)	(186,777)	(198,642)
Long-term loans, net of current portion	<u>5,123,309</u>	<u>7,066,579</u>	<u>345,055</u>	<u>571,592</u>

These loans have been secured by the mortgage of most of the vessels of the Company and the subsidiaries, the property of the subsidiaries, and the guarantee of the Company.

The loans of subsidiaries in Singapore bear interest rates at based on LIBOR or SIBOR.

The loan agreements contain certain covenants and restrictions pertaining to matters such as the maintenance of financial ratios and shareholding structure.

In 1999, a subsidiary in Singapore entered into cross currency US dollar to Thai Baht interest swap agreements, for interest on loans amounting to USD 25 million, converting a 7.77-9.00% per annum US dollar interest rate to a 9.125% per annum Thai Baht interest rate. The agreements will be due in 2004.

Furthermore, as at 31 December 2003 a subsidiary has period-by-period knock out swap and interest rate swap agreements for loans amounting to USD 37.5 million (2002: USD 62.5 million), in order to exchange fixed interest rates of 4.98 - 5.35% per annum (2002: 4.98-5.35% per annum) to an interest rate of LIBOR per annum, which is in the range of 1.19 - 1.25% per annum (2002: 1.75-3.54% per annum).

9. DEBENTURES

In 1999, the Company issued and offered 1 million units of unsecured debentures with a par value of Baht 1,000 each, or a total of Baht 1,000 million, to be used for working capital for the partial repayment of outstanding debts of the Company and its subsidiaries, and/or for the long-term expansion of business. The maturity period of the debentures is 5 years, with the redemption date being 9 December 2004. The debenture holders are entitled to receive interest at a rate of 9.125 percent per annum for the first three years, and at MLR plus 0.75 percent for the following two years. Such interest is payable semi-annually on 9 June and 9 December of each year, throughout the debentures' life. The terms and conditions of the debentures 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. During the year 2003, the Company redeemed 0.31 million of the debentures or a total of Baht 310 million.

Furthermore, during the year 2003, 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.

10. 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 years, the Company had other significant business transactions with its subsidiary company. The transactions are summarised below: -

(Unit: Million Baht)			
	For the years ended		Pricing policy
	31 December		
	<u>2003</u>	<u>2002</u>	
<u>The Company Only</u>			
<u>Transactions with subsidiary:</u>			
Freight income	948	823	Cost plus a margin or at price comparable to cost

The outstanding balances of the above transactions have been shown in the balance sheets as follows: -

	(Unit: Million Baht)	
	<u>2003</u>	<u>2002</u>
<u>The Company Only</u>		
<u>Trade accounts receivable – related parties</u>		
<u>Subsidiaries</u>		
RCL Service SA	448	587
RCL Feeder Pte Ltd.	<u>1,921</u>	<u>1,572</u>
	<u>2,369</u>	<u>2,159</u>
<u>Trade accounts payable – related party</u>		
<u>Subsidiary</u>		
RCL Ship Management Pte Ltd.	<u>21</u>	<u>31</u>
	<u>21</u>	<u>31</u>

11. SHARE CAPITAL

On 2 April 2002, the Company's Board of Directors approved the allocation of an additional 2,633,713 shares with a par value of Baht 10 each to a securities company, at a price of Baht 43 per share, a total of Baht 113.2 million.

On 8 September 2003, a resolution of an extraordinary general meeting of the Company's shareholders authorised a change in the par value of the Company's shares from Baht 10 per share to Baht 1 per share. As a result, the Company's share capital of Baht 663 million now comprises 663 million shares of Baht 1 each.

12. STATUTORY RESERVE

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital.

13. 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. The dividend was paid in May 2003.

14. EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Number of employees at end of year	808	750	412	380
Employee costs for the year (Thousand Baht)	673,449	648,604	214,633	205,177

15. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

16. CORPORATE INCOME TAX

The Company has been granted various tax privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520. These include exemption from corporate income tax on profits for a period of 8 years for certain operations. In addition, since 1999 shipping profits have been exempted from income tax. Corporate income tax of the Company has been calculated at the rate of 25 percent, on the profit of those operations which are not eligible for the above tax exemption.

Corporate income tax of the subsidiaries in Hong Kong has been calculated at the rate of 17.5% of profit (2002: 16% of profit).

Under the Singapore Income Tax Act, the shipping profits of the subsidiaries are exempted from income tax.

The Company's operating results for the years 2003 and 2002 can be divided into BOI promoted activities and non-BOI promoted activities as follows: -

(Unit: Baht)

THE COMPANY ONLY				
For the year ended 31 December 2003				
Tax Payer Number				
	3101120028	3105114177	Total	
	BOI Promoted	NON-BOI Promoted	Tax Exempted	
Revenues				
Freight income	526,219,361	2,151,900	421,666,341	950,037,602
Other income	85,672,242	59,676,043	-	145,348,285
Share of loss from investments accounted for under equity method - subsidiaries	-	708,362,420	-	708,362,420
Share of profit from investments accounted for under equity method - associated companies	-	40,721,155	-	40,721,155
Total revenues	611,891,603	810,911,518	421,666,341	1,844,469,462
Expenses				
Cost of freight and operations	340,437,949	2,132,499	247,799,605	590,370,053
Administrative expenses	75,164,615	308,069	56,233,922	131,706,606
Other expenses	1,265,503	-	9,617,669	10,883,172
Loss on exchange	104,932,299	-	38,157,942	143,090,241
Interest expenses	55,866,987	-	106,536,259	162,403,246
Total expenses	577,667,353	2,440,568	458,345,397	1,038,453,318
Earnings (loss) before income tax	34,224,250	808,470,950	(36,679,056)	806,016,144
Corporate income tax	-	(14,851,644)	-	(14,851,644)
Net earnings (loss) for the year	34,224,250	793,619,306	(36,679,056)	791,164,500

(Unit: Baht)

THE COMPANY ONLY

For the year ended 31 December 2002

	Tax Payer Number			Total
	3101120028		3105114177	
	BOI	NON-BOI	Tax	
	Promoted	Promoted	Exempted	
Revenues				
Freight income	540,855,774	1,883,670	279,872,209	822,611,653
Other income	1,784,660	6,617,966	-	8,402,626
Gain on exchange	50,852,553	-	66,297,113	117,149,666
Share of loss from investments accounted for under equity method - subsidiaries	-	1,076,386,935	-	1,076,386,935
Share of profit from investments accounted for under equity method - associated companies	-	25,312,161	-	25,312,161
Total revenues	<u>593,492,987</u>	<u>1,110,200,732</u>	<u>346,169,322</u>	<u>2,049,863,041</u>
Expenses				
Cost of freight and operations	368,438,727	1,865,916	212,826,014	583,130,657
Administrative expenses	61,018,418	1,034,276	30,980,954	93,033,648
Other expenses	-	-	298,186	298,186
Interest expenses	49,280,057	5,065,554	92,132,009	146,477,620
Total expenses	<u>478,737,202</u>	<u>7,965,746</u>	<u>336,237,163</u>	<u>822,940,111</u>
Earnings before income tax	114,755,785	1,102,234,986	9,932,159	1,226,922,930
Corporate income tax	-	(350,631)	-	(350,631)
Net earnings for the year	<u>114,755,785</u>	<u>1,101,884,355</u>	<u>9,932,159</u>	<u>1,226,572,299</u>

17. COMMITMENT AND CONTINGENT LIABILITIES**17.1 Commitments**

As at 31 December 2003, the Company and its subsidiaries have the following commitments: -

- (a) The Company had outstanding commitments of approximately Baht 14 million (2002: Baht 3 million) in respect of lease agreements

- (b) The Company had a commitment amounting to USD 57 million, or approximately Baht 2,259 million, in respect of the building of two vessels, and a Singaporean subsidiary had commitments amounting to USD 52.6 million, or approximately Baht 2,086 million, in respect of the building of two vessels.

17.2 Guarantees

As at 31 December 2003, the Company had outstanding guarantees of Baht 10,508 million (2002: Baht 8,684 million) which had been issued to secure credit lines of the overseas subsidiaries from financial institutions.

17.3 Bank Guarantees

As at 31 December 2003, there were outstanding bank guarantees of approximately Baht 24 million (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.

17.4 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 266 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 149 million, for illegal termination of an agency agreement. The management of subsidiary believe that the ultimate resolution of these legal proceedings is not likely have a material effect on the results of its operations, or financial position.

18. EMPLOYEE BENEFITS

The Company and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to, by the Company and its employees, at a rate of 5 percent of the employees' basic salaries on a monthly basis. The fund will be paid to the employees upon termination in accordance with the rules of the fund. During 2003, the Company contributed a total of Baht 2.2 million (2002: Baht 2.1 million) to the provident fund.

The Singaporean subsidiaries contribute to the Central Provident Fund which is managed by the Government of Singapore. During 2003, the subsidiaries' contribution totaled Baht 4.2 million (2002: Baht 4.3 million).

In addition, the Hong Kong subsidiaries operate provident fund schemes for their employees. During 2003, the subsidiaries' contributions totaled Baht 4.2 million (2002: Baht 4.3 million).

19. 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 areas in Thailand, Singapore, Hong Kong, The People's Republic of China, Taiwan and other countries around the South China Sea. Financial information of the Company and its subsidiaries presented by geographical segment as of and for the years ended 31 December 2003 and 2002 are as follows: -

(Million Baht)

	CONSOLIDATED						
	For the year ended 31 December 2003						
	<u>Thailand</u>	<u>Singapore</u>	<u>Hong Kong</u>	<u>China</u>	<u>Total</u>	<u>Elimination</u>	<u>Grand Total</u>
Freight income	1,064	14,108	113	76	15,361	(2,279)	13,082
Gross profit	377	1,661	92	76	2,206	33	2,239
Other income							257
Share of profit from investments							
accounted for under equity method							
- associated companies							41
Administrative expenses							(905)
Loss on exchange							(12)
Loss on impairment of assets							(337)
Interest expenses							(469)
Corporate income tax							(24)
Minority interest							1
Net earnings for the year							791
Property, premises, vessels and equipment	4,992	8,322	66	6	13,386	(51)	13,335
Others							4,470
Total assets							17,805

(Million Baht)

CONSOLIDATED							
For the year ended 31 December 2002							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	944	13,333	113	50	14,440	(2,073)	12,367
Gross profit	260	1,740	109	50	2,159	22	2,181
Other income							77
Share of profit from investments accounted for under equity method							
- associated companies							25
Administrative expenses							(830)
Gain on exchange							612
Loss on impairment of assets							(203)
Loss on disposal of vessel							(49)
Interest expenses							(582)
Corporate income tax							(6)
Minority interest							2
Net earnings for the year							1,227
Property, premises, vessels and equipment	5,121	9,487	66	3	14,677	(63)	14,614
Others							3,752
Total assets							18,366

20. FINANCIAL INSTRUMENTS

The Group (the Company and its subsidiaries) could be exposed to the market risk, including primarily changes in interest rates and currency exchange rates. The Group uses derivatives and other instruments to manage and hedge such risk but not for speculative or trading purposes.

20.1 Interest rate risk

The Group could be exposed to risk in interest rates due primarily to the Group's long-term loan obligations. However, derivative and other financial instrument hedging are used for its long-term loan interest obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable interest rate debt. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps in which the Group agrees to exchange at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations at the balance sheet date. The Group does not hold or issue derivative instruments for speculative or trading purposes.

20.2 Foreign currency risk

The Group business spans across the Asian region and, as a result, is exposed to foreign currency exchange rates. For that reason, the freight charges are prices in US dollars and payable in local currency equivalents, a natural foreign currency hedge is created by matching the currency of income flow (linked to US dollars) to the currency of indebtedness. This mechanism functions as a key factor for the Group's ability to manage its foreign exchange exposures. Most of the loans extended to the Group, are thus denominated in currencies similar to that of its income flow. In addition, the Group uses derivative instruments, as and when it considers appropriate, to manage such risks. The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

In addition to foreign currency transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. As at 31 December 2003 and 2002, the Group does not hedge such exposures to foreign movement risk as it is minimal.

Whenever possible, it is the Group's policy to negotiate the terms of the hedged derivatives to match the terms of the hedged financial assets or liabilities item to maximise hedge effectiveness.

20.3 Credit risk

Credit risk arises from the inability of customers to meet the payment terms of the normal business transaction. Credit limit is granted for a specific credit amount and is being monitored regularly. Furthermore, it is the Group's policy to evaluate customer's credit worthiness based on its latest financial performance. Therefore, the Group does not anticipate to incur material credit losses from its debt collection.

20.4 Net fair value

Other than the long term loans, majority of financial assets and liabilities are short-term, their carrying value of financial assets and liabilities does not materially differ from their fair value. As at 31 December 2003 and 2002, there was no material financial assets carries in excess of fair value.

20.5 Commodity price risk

The Group is exposed to commodity price risk, relates primarily to changes in bunker price. The Group uses derivatives and other instruments as and when it considers appropriate to manage such risks.

21. PRESENTATION

The presentation of these financial statements has been made in compliance with the Notification of the Department of Business Development dated 14 September 2001 as empowered under the Accounting Act B.E. 2543.

22. APPROVAL OF FINANCIAL STATEMENTS

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



REGIONAL CONTAINER LINES GROUP

YEARLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	Yearend 2003	Yearend 2002	Yearend 2001	Yearend 2000	Yearend 1999
Freight income	13,082.1	12,366.8	13,415.7	13,447.9	10,679.5
Cost of freight and operations (excl. depreciation)	(10,247.1)	(9,577.2)	(10,225.3)	(10,011.4)	(7,823.4)
Gross Profit	2,835.0	2,789.6	3,190.4	3,436.5	2,856.1
Gross Profit Margin	21.7%	22.6%	23.8%	25.6%	26.7%
Other income	298.0	102.0	107.9	112.2	129.0
Gain on exchange	0.0	611.9	0.0	0.0	0.0
Total other income	298.0	713.9	107.9	112.2	129.0
Admin expenses	(874.2)	(797.7)	(826.9)	(885.4)	(627.6)
Depreciation	(626.7)	(641.1)	(756.7)	(681.8)	(682.0)
Loss on exchange	(11.6)	0.0	(804.4)	(479.0)	(73.4)
Loss on impairment of fixed assets	(336.8)	(203.1)	(383.3)	(1,011.7)	0.0
Loss on disposal of vessels	0.0	(48.9)	0.0	0.0	0.0
Total other expenses	(1,849.3)	(1,690.8)	(2,771.3)	(3,057.9)	(1,383.0)
Interest expenses	(469.5)	(581.7)	(819.0)	(931.1)	(844.1)
Profit / (loss) before taxation	814.2	1,231.0	(292.0)	(440.3)	758.0
Income tax	(24.3)	(6.4)	(8.6)	(13.2)	(31.5)
Profit / (loss) after taxation	789.9	1,224.6	(300.6)	(453.5)	726.5
Minority interest	1.2	2.0	3.0	(5.8)	(9.6)
Net profit / (loss) attributable to members	791.1	1,226.6	(297.6)	(459.3)	716.9

Computation of EBITDA					
Profit / (loss) before taxation	814.2	1,231.0	(292.0)	(440.3)	758.0
Add: Impairment loss	336.8	203.1	383.3	1,011.7	0.0
Add: Interest	469.5	581.7	819.0	931.1	844.1
EBIT	1,620.5	2,015.8	910.3	1,502.5	1,602.1
Add: Amortisation	0.0	0.0	15.2	23.9	23.9
Add: Depreciation	626.7	641.1	756.7	681.8	682.0
EBITDA	2,247.2	2,656.9	1,682.2	2,208.2	2,308.0



REGIONAL CONTAINER LINES GROUP

	Year 2001	1Q2002	2Q2002	3Q2002	4Q2002	Year 2002	1Q2003	2Q2003	3Q2003	4Q2003	Year 2003
Liftings (teu)	1,514,047	381,906	389,117	412,986	418,247	1,602,256	423,559	416,743	435,656	457,614	1,733,572

AVERAGE RATES PER TEU BY QUARTER IN US\$

Freight income (million)	301.6	67.9	72.6	73.9	73.2	287.6	73.4	76.0	81.3	84.8	315.5
Average Rates	199.20	177.79	186.58	178.94	175.02	179.50	173.29	182.37	186.62	185.31	181.99

AVERAGE COST OF FREIGHT AND OPERATIONS PER TEU BY QUARTER IN US\$

Cost of freight & operation (million)	229.9	52.4	56.3	58.3	55.7	222.7	57.2	60.5	63.5	65.9	247.1
Average Cost	151.84	137.21	144.69	141.17	133.17	138.99	135.05	145.17	145.76	144.01	142.54

GOSS MARGIN BY QUARTER IN US\$

Gross Margin	23.77%	22.83%	22.45%	21.11%	23.91%	22.57%	22.07%	20.39%	21.89%	22.29%	21.68%
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17 February 2004

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 31 December 2003 and 2002, and the related statements of earnings and retained earnings for the years ended 31 December 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

	<u>31 December 2003</u>		<u>31 December 2002</u>	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
ASSETS				
Current assets				
Cash and cash equivalents	1,927.0	48.6	1,487.6	34.4
Short-term investment in available-for-sale securities - Unit trusts	730.2	18.4	-	-
Trade accounts receivable, net	1,227.1	31.0	1,841.3	42.6
Other current assets	<u>417.7</u>	<u>10.6</u>	<u>284.8</u>	<u>6.6</u>
Total current assets	<u>4,302.0</u>	<u>108.6</u>	<u>3,613.7</u>	<u>83.6</u>
Non-current assets				
Property and premises, net	2,006.4	57.5	2,498.1	67.1
Vessels and equipment, net	11,328.3	348.1	12,116.2	360.2
Other non-current assets	<u>168.5</u>	<u>5.1</u>	<u>137.6</u>	<u>4.3</u>
Total non-current assets	<u>13,503.2</u>	<u>410.7</u>	<u>14,751.9</u>	<u>431.6</u>
TOTAL ASSETS	<u><u>17,805.2</u></u>	<u><u>519.3</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)

	31 December 2003		31 December 2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Promissory notes	-	-	1,000.0	23.1
Trade accounts payable	1,198.4	30.3	1,183.9	27.4
Current portion of debentures	690.0	17.4	-	-
Current portion of finance lease creditors	122.7	3.1	162.9	3.7
Current portion of long-term loans	955.7	24.1	1,150.8	26.6
Other current liabilities	206.6	5.2	185.7	4.3
Total current liabilities	<u>3,173.4</u>	<u>80.1</u>	<u>3,683.3</u>	<u>85.1</u>
Non-current liabilities				
Finance lease creditors, net of current portion	154.0	3.9	301.7	6.9
Long-term loans, net of current portion	5,123.3	129.2	7,066.6	163.5
Debentures, net of current portion	2,500.0	63.1	1,000.0	23.1
Total non-current liabilities	<u>7,777.3</u>	<u>196.2</u>	<u>8,368.3</u>	<u>193.5</u>
Total liabilities	<u>10,950.7</u>	<u>276.3</u>	<u>12,051.6</u>	<u>278.6</u>
Shareholders' equity				
Share capital				
Issued and fully paid				
663,000,000 ordinary shares of Baht 1 each				
(2002: 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	677.6	(6.1)	785.6	(2.1)
Retained earnings				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	2,358.2	112.5	1,699.7	101.9
Unrealised gain on changes in the value of investments	2.8	0.1	-	-
Equity attributable to Company's shareholders	<u>6,841.1</u>	<u>242.7</u>	<u>6,287.8</u>	<u>236.0</u>
Minority interest - equity attributable				
to minority shareholders of subsidiaries	<u>13.4</u>	<u>0.3</u>	<u>26.2</u>	<u>0.6</u>
Total shareholders' equity	<u>6,854.5</u>	<u>243.0</u>	<u>6,314.0</u>	<u>236.6</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>17,805.2</u>	<u>519.3</u>	<u>18,365.6</u>	<u>515.2</u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF EARNINGS AND RETAINED EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

	2003		2002	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
EARNINGS				
Revenues				
Freight income	13,082.1	315.5	12,366.8	287.6
Gain on exchange	-	-	611.9	2.4
Other income	298.0	7.2	102.0	2.4
Total revenues	<u>13,380.1</u>	<u>322.7</u>	<u>13,080.7</u>	<u>292.4</u>
Expenses				
Cost of freight and operations	10,247.1	247.1	9,577.2	222.7
Depreciation	626.7	18.9	641.1	19.2
Administrative expenses	874.2	21.1	797.7	18.6
Loss on impairment of buildings	336.8	9.4	203.1	5.5
Loss on disposal of vessel	-	-	48.9	1.6
Loss on exchange	11.6	0.6	-	-
Total expenses	<u>12,096.4</u>	<u>297.1</u>	<u>11,268.0</u>	<u>267.6</u>
Earnings before interest and income tax expenses	1,283.7	25.6	1,812.7	24.8
Interest expenses	(469.5)	(11.3)	(581.7)	(13.5)
Corporate income tax	(24.3)	(0.6)	(6.4)	(0.1)
Earnings after income tax	789.9	13.7	1,224.6	11.2
Net loss - minority interest	1.2	-	2.0	-
Net earnings for the year	<u>791.1</u>	<u>13.7</u>	<u>1,226.6</u>	<u>11.2</u>
RETAINED EARNINGS				
Retained earnings - unappropriated				
Balance - beginning of year	1,699.7	101.9	608.3	93.8
Net earnings for the year	791.1	13.7	1,226.6	11.2
Statutory reserve	-	-	(2.6)	(0.1)
Dividend paid	(132.6)	(3.1)	(132.6)	(3.0)
Total retained earnings - unappropriated	<u>2,358.2</u>	<u>112.5</u>	<u>1,699.7</u>	<u>101.9</u>
Retained earnings - appropriated				
Statutory reserve	66.3	1.9	66.3	1.9
Total retained earnings - appropriated	<u>66.3</u>	<u>1.9</u>	<u>66.3</u>	<u>1.9</u>
Total retained earnings	<u>2,424.5</u>	<u>114.4</u>	<u>1,766.0</u>	<u>103.8</u>

See Basis of Preparation

BASIS OF PREPARATION

1. THAI BAHT FIGURES

The Thai Baht figures in the balance sheets as at 31 December 2003 and 2002 and profit and loss accounts for the years then ended 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 31 December 2003 : USD 1 = Baht 39.6382

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: -

31 December 2003 : USD 1 = Baht 41.4659

31 December 2002 : USD 1 = Baht 42.9995