



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

PRESS RELEASE

FINANCIAL RESULTS AS AT 30 JUNE 2004

The total 2nd quarter lifting figures stood at 513,743 TEUS. This is the first time that Regional Container Lines Public Company Limited broke the half million mark for their quarterly liftings. Total liftings were up 23% year-on-year and also represented a 9% improvement, on quarter-on-quarter basis. Once again, both lines of business recorded double digit growth with SOC (or Shippers' Own Containers) leading the way with 31% and COC (or Carrier's Own Containers) with 16%, compared to the same period last year.

The Freight Income of the Group was up 30.5% at THB4.19 billion, compared to THB3.21 billion for the same quarter last year. This was in line with the improved liftings as well as freight restoration that was first put in place in March and a subsequent round in June. As regional currencies had continued to strengthen against US Dollar and with the Freight Income being US Dollar based, the Group's Freight Income suffered a translation loss estimated at 5.5%, year-on-year. After taking into account this loss in translation, the freight rate restoration yielded an increase of 13% as compared to the same quarter last year. Total turnover for the Group in Q204 stood at THB4.23 billion which was 30% higher than Q203.

In line with the improved liftings, the Cost of Freight and Operation (CoFO) in the second quarter of 2004 increased 16.6% at THB2.97 billion. Thanks to the record utilization of the Company's fleet deployed, the increase in CoFO in fact lagged behind the increase in liftings.

Coupled with improved liftings and the strong recovery in freight rates, net profit of the Group in Q204 was up 345% at THB660.3 million as compared to the same quarter last year. From a quarter-on-quarter basis, net profit of the Group was also up 53%. As Gross Profit had maintained a very healthy increase in the last four quarters, it clearly demonstrated that the Company had achieved sustainable improvement in earnings. With improved performance and liquidity, the Group's Board of Directors had approved an interim dividend of THB0.45 per share, which represented a 27% pay-out ratio.

Regional Container Lines PLC
August 10, 2004



REGIONAL CONTAINER LINES GROUP

QUARTERLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	1 st Quarter 2003	Half-Year 2003	9 months 2003	Yearend 2003	1 st Quarter 2004	Half-Year 2004
Freight income	3,142.1	6,347.5	9,693.1	13,082.1	3,449.5	7,648.0
Cost of freight and operations (excl. depreciation)	(2,446.5)	(5,000.3)	(7,615.6)	(10,247.1)	(2,636.6)	(5,613.5)
Gross Profit	695.6	1,347.2	2,077.5	2,835.0	812.9	2,034.5
<i>Gross Profit Margin</i>	<i>22.1%</i>	<i>21.2%</i>	<i>21.4%</i>	<i>21.7%</i>	<i>23.6%</i>	<i>26.6%</i>
Other income	118.8	165.7	209.0	298.0	31.0	66.1
Gain on exchange	0.0	0.0	0.0	0.0	80.6	0.0
Total other income	118.8	165.7	209.0	298.0	111.6	66.1
Admin expenses	(194.4)	(394.3)	(649.1)	(874.2)	(201.5)	(473.1)
Depreciation	(158.5)	(316.7)	(472.0)	(626.7)	(155.9)	(316.9)
Loss on exchange	(101.3)	(175.7)	(142.7)	(11.6)	0.0	(24.4)
Unrealised loss on changes in value of investments	0.0	0.0	0.0	0.0	(41.5)	0.0
Loss on impairment of fixed assets	0.0	0.0	0.0	(336.8)	0.0	0.0
Total other expenses	(454.2)	(886.7)	(1,263.8)	(1,849.3)	(398.9)	(814.4)
Interest expenses	(117.9)	(234.5)	(352.5)	(469.5)	(93.6)	(190.8)
Profit / (loss) before taxation	242.3	391.7	670.2	814.2	432.0	1,095.4
Income tax	(4.1)	(5.3)	(7.3)	(24.3)	(1.4)	(4.0)
Profit / (loss) after taxation	238.2	386.4	662.9	789.9	430.6	1,091.4
Minority interest	0.5	0.6	0.6	1.2	0.8	0.4
Net profit / (loss) attributable to members	238.7	387.0	663.5	791.1	431.4	1,091.8

COMPUTATION OF EBITDA

Profit / (loss) before taxation	242.3	391.7	670.2	814.2	432.0	1,095.4
Add: Impairment loss	0.0	0.0	0.0	336.8	0.0	0.0
Add: Interest	117.9	234.5	352.5	469.5	93.6	190.8
EBIT	360.2	626.2	1,022.7	1,620.5	525.6	1,286.2
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	158.5	316.7	472.0	626.7	155.9	316.9
EBITDA	518.7	942.9	1,494.7	2,247.2	681.5	1,603.1

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30
JUNE 2004 AND 2003

Review 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 2004, and the consolidated statements of earnings for the three-month and six-month periods ended 30 June 2004 and 2003, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2004 and 2003, 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 2003 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 13 February 2004. The balance sheet as at 31 December 2003, 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: 29 July 2004

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	Note	30 June 2004 (Unaudited but reviewed)	31 December 2003 (Audited)	30 June 2004 (Unaudited but reviewed)	31 December 2003 (Audited)
ASSETS					
Current assets					
Cash and cash equivalents		1,856,272	1,926,964	52,308	334,589
Short-term investments in available-for-sale securities					
- Unit trusts		668,983	730,189	668,983	730,189
Trade accounts receivable		1,380,086	1,218,325	-	-
Less: allowance for doubtful accounts		(50,182)	(64,239)	-	-
Trade accounts receivable, net	2	1,329,904	1,154,086	-	-
Trade accounts receivable - related	2,5	133,510	73,041	2,564,101	2,369,272
Material supplies		133,628	125,731	5,431	5,417
Other current assets		191,010	292,045	13,259	13,510
Total current assets		4,313,307	4,302,056	3,304,082	3,452,977
Non-current assets					
Property investments held for long-term in		2,099	2,042	-	-
Investments accounted for under ec	3	132,621	128,007	3,122,541	2,199,123
Other long-term investments		35,476	34,661	-	-
Property and premises, net		2,047,283	2,006,355	21,338	22,473
Vessels and equipment, net		11,825,111	11,328,294	4,961,971	4,966,872
Other non-current assets		3,723	3,824	1,304	1,554
Total non-current assets		14,046,313	13,503,183	8,107,154	7,190,022
TOTAL ASSETS		18,359,620	17,805,239	11,411,236	10,642,999

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)

	CONSOLIDATED		THE COMPANY ONLY		
	<u>Note</u>	<u>30 June 2004</u> (Unaudited but reviewed)	<u>31 December 2003</u> (Audited)	<u>30 June 2004</u> (Unaudited but reviewed)	<u>31 December 2003</u> (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		1,112,996	1,198,460	-	-
Trade accounts payable - related parties 5		-	-	25,301	21,108
Current portion of finance lease creditors		81,632	122,757	-	-
Current portion of long-term loans 4		1,028,112	955,737	191,010	186,777
Debenture		690,000	690,000	690,000	690,000
Corporate income tax payable		6,317	20,294	-	13,662
Other current liabilities		229,546	186,159	44,441	45,216
Total current liabilities		3,148,603	3,173,407	950,752	956,763
Non-current liabilities					
Finance lease creditors, net of current portion		129,168	153,975	-	-
Long-term loans, net of current portion 4		4,877,165	5,123,309	259,696	345,055
Debenture		2,500,000	2,500,000	2,500,000	2,500,000
Total non-current liabilities		7,506,333	7,777,284	2,759,696	2,845,055
Total liabilities		10,654,936	10,950,691	3,710,448	3,801,818

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)

	CONSOLIDATED		THE COMPANY ONLY		
	<u>Note</u>	<u>30 June 2004</u> (Unaudited but reviewed)	<u>31 December 2003</u> (Audited)	<u>30 June 2004</u> (Unaudited but reviewed)	<u>31 December 2003</u> (Audited)
Shareholders' equity					
Share capital		<u>663,000</u>	<u>663,000</u>	<u>663,000</u>	<u>663,000</u>
Registered					
663,000,000 ordinary shares of Baht 1 each					
Issued and paid-up		663,000	663,000	663,000	663,000
663,000,000 ordinary shares of Baht 1 each					
Share premium		3,073,190	3,073,190	3,073,190	3,073,190
Translation adjustment		740,404	677,688	740,404	677,688
Retained earnings					
Appropriated - statutory reserve		66,300	66,300	66,300	66,300
Unappropriated		3,151,591	2,358,156	3,151,591	2,358,156
Unrealised gain on changes in the value o		<u>6,303</u>	<u>2,847</u>	<u>6,303</u>	<u>2,847</u>
Equity attributable to Company's shareholder:		<u>7,700,788</u>	<u>6,841,181</u>	<u>7,700,788</u>	<u>6,841,181</u>
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		<u>3,896</u>	<u>13,367</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>7,704,684</u>	<u>6,854,548</u>	<u>7,700,788</u>	<u>6,841,181</u>
TOTAL LIABILITIES AND SHAREHOLDERS		<u><u>18,359,620</u></u>	<u><u>17,805,239</u></u>	<u><u>11,411,236</u></u>	<u><u>10,642,999</u></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 THREE-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues				
Freight income	4,198,492	3,205,410	309,421	222,769
Gain on exchange	-	-	78,928	-
Other income	24,978	36,205	2,489	2,355
Share of profit from investment accounted for under equity method - subsidiaries	-	-	476,398	192,563
Share of profit from investment accounted for under equity method - associated companies	10,054	10,690	10,054	10,690
Total revenues	<u>4,233,524</u>	<u>3,252,305</u>	<u>877,290</u>	<u>428,377</u>
Expenses				
Cost of freight and operation	3,129,938	2,704,281	137,926	170,925
Administrative expenses	219,788	203,327	27,483	40,637
Loss on sale of investments	12,342	-	12,342	-
Loss on exchange	104,940	74,390	-	30,621
Directors' remuneration	5,965	4,340	1,700	-
Total expenses	<u>3,472,973</u>	<u>2,986,338</u>	<u>179,451</u>	<u>242,183</u>
Earnings before interest and income tax exp	760,551	265,967	697,839	186,194
Interest expenses	(97,196)	(116,610)	(37,911)	(37,946)
Corporate income tax	(2,625)	(1,251)	397	(54)
Earnings after income tax	<u>660,730</u>	<u>148,106</u>	<u>660,325</u>	<u>148,194</u>
Net loss (earnings) minority interest of subsi	<u>(405)</u>	<u>88</u>	<u>-</u>	<u>-</u>
Net earnings for the period	<u><u>660,325</u></u>	<u><u>148,194</u></u>	<u><u>660,325</u></u>	<u><u>148,194</u></u>
				(Unit: Baht)
Basic earnings per share				
Net earnings	<u>1.00</u>	<u>0.22</u>	<u>1.00</u>	<u>0.22</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 2004 AND 2003

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues				
Freight income	7,647,987	6,347,525	605,387	414,297
Gain on exchange	-	-	72,073	-
Input tax refund	-	85,384	-	85,384
Other income	46,653	61,899	4,126	4,092
Share of profit from investment accounted for under equity method - subsidiaries	-	-	856,288	366,211
Share of profit from investment accounted for under equity method - associated companies	19,413	18,434	19,413	18,434
Total revenues	<u>7,714,053</u>	<u>6,513,242</u>	<u>1,557,287</u>	<u>888,418</u>
Expenses				
Cost of freight and operation	5,915,538	5,301,602	277,356	316,366
Administrative expenses	423,336	400,963	55,770	69,502
Loss on sale of investments	53,835	-	53,835	-
Loss on exchange	24,380	175,735	-	42,603
Directors' remuneration	10,791	8,744	2,950	-
Total expenses	<u>6,427,880</u>	<u>5,887,044</u>	<u>389,911</u>	<u>428,471</u>
Earnings before interest and income tax exp	1,286,173	626,198	1,167,376	459,947
Interest expenses	(190,763)	(234,473)	(75,591)	(71,819)
Corporate income tax (Note 6)	(4,026)	(5,351)	-	(1,099)
Earnings after income tax	<u>1,091,384</u>	<u>386,374</u>	<u>1,091,785</u>	<u>387,029</u>
Net loss - minority interest of subsidiaries	401	655	-	-
Net earnings for the period	<u>1,091,785</u>	<u>387,029</u>	<u>1,091,785</u>	<u>387,029</u>
				(Unit: Baht)
Basic earnings per share	<u>1.65</u>	<u>0.58</u>	<u>1.65</u>	<u>0.58</u>
Net earnings				

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 2004 AND 2003

(Unit: Thousand Baht)

CONSOLIDATED

	Issued and		Translation	Retained earnings		Unrealised gain or changes in the value of investments	Minority interest of subsidiaries	Total
	paid-up share capital	Share premium		Statutory reserve	Unappropriated			
Balance - beginning of the year	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	-	-	-	-	(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>-</u>	<u>25,409</u>	<u>6,510,757</u>
Balance - beginning of the year	663,000	3,073,190	677,688	66,300	2,358,156	2,847	13,367	6,854,548
Translation adjustment	-	-	62,716	-	-	-	-	62,716
Net earnings for the period	-	-	-	-	1,091,785	-	-	1,091,785
Dividend paid (Note 7)	-	-	-	-	(298,350)	-	-	(298,350)
Unrealised gain on changes in the value of investments	-	-	-	-	-	3,456	-	3,456
Decrease in minority interest	-	-	-	-	-	-	(9,471)	(9,471)
Balance as at 30 June 2004	<u>663,000</u>	<u>3,073,190</u>	<u>740,404</u>	<u>66,300</u>	<u>3,151,591</u>	<u>6,303</u>	<u>3,896</u>	<u>7,704,684</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 2004 AND 2003

(Unit: Thousand Baht)

THE COMPANY ONLY

	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Unrealised gain on changes in the value of investments	Total
				Statutory reserve	Unappropriated		
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	-	-	-	-	(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>-</u>	<u>6,485,348</u>
Balance - beginning of the year 2004	663,000	3,073,190	677,688	66,300	2,358,156	2,847	6,841,181
Translation adjustment	-	-	62,716	-	-	-	62,716
Net earnings for the period	-	-	-	-	1,091,785	-	1,091,785
Dividend paid (Note 7)	-	-	-	-	(298,350)	-	(298,350)
Unrealised gain on changes in the value of investments	-	-	-	-	-	3,456	3,456
Balance as at 30 June 2004	<u>663,000</u>	<u>3,073,190</u>	<u>740,404</u>	<u>66,300</u>	<u>3,151,591</u>	<u>6,303</u>	<u>7,700,788</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 2004 AND 2003

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash flows from operating activities				
Net earnings	1,091,785	387,029	1,091,785	387,029
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: -				
Depreciation	316,855	316,735	127,701	127,660
Share of profit from investment accounted for under equity method - subsidiaries	-	-	(856,288)	(366,211)
Share of profit from investment accounted for under equity method - associated companies	(19,413)	(18,434)	(19,413)	(18,434)
Loss on sale of investments	53,835	-	53,835	-
Decrease in allowance for doubtful accounts	(13,637)	(2,365)	-	-
Unrealised exchange (gain) loss	(8,988)	153,925	(64,896)	43,143
Minority interest	(401)	(655)	-	-
	<u>1,420,036</u>	<u>836,235</u>	<u>332,724</u>	<u>173,187</u>
Operating assets (increase) decrease				
Trade accounts receivable	(151,192)	(56,201)	-	-
Trade accounts receivable - related parties	-	-	(117,763)	(214,723)
Material supplies	(7,897)	(20,736)	(14)	(509)
Other current assets	101,035	(25,047)	251	4,455
Other assets	52	(543)	200	(291)
Operating liabilities increase (decrease)				
Trade accounts payable	(85,483)	(119,138)	-	-
Trade accounts payable - related parties	-	-	4,334	3,194
Finance lease creditors	(67,866)	(96,954)	-	-
Corporate income tax payable	(13,977)	-	(13,662)	-
Other current liabilities	34,317	23,164	(775)	(8,632)
Net cash provided by (used in) operating activities	<u>1,229,025</u>	<u>540,780</u>	<u>205,295</u>	<u>(43,319)</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 2004 AND 2003

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash flows from investing activities				
Cash payment for purchases of investments	(248,515)	(1,350,000)	(248,515)	(1,350,000)
Cash received from sale of investments	259,342	-	259,342	-
Decrease (increase) in property, premises, vessels and	(854,600)	348,903	(121,665)	(498)
Dividend received from associated company	15,000	10,000	15,000	10,000
Translation adjustment	61,643	(58,272)	-	-
Net cash used in investing activities	<u>(767,130)</u>	<u>(1,049,369)</u>	<u>(95,838)</u>	<u>(1,340,498)</u>
Cash flows from financing activities				
Decrease in promissory notes	-	(1,000,000)	-	(1,000,000)
Decrease in long-term loans	(234,237)	(871,587)	(93,388)	(99,218)
Cash received from debenture	-	2,500,000	-	2,500,000
Dividend paid	(298,350)	(132,600)	(298,350)	(132,600)
Net cash provided by (used in) financing activities	<u>(532,587)</u>	<u>495,813</u>	<u>(391,738)</u>	<u>1,268,182</u>
Net decrease in cash and cash equivalents	<u>(70,692)</u>	<u>(12,776)</u>	<u>(282,281)</u>	<u>(115,635)</u>
Cash and cash equivalents at beginning of period	<u>1,926,964</u>	<u>1,487,596</u>	<u>334,589</u>	<u>265,235</u>
Cash and cash equivalents at end of period	<u><u>1,856,272</u></u>	<u><u>1,474,820</u></u>	<u><u>52,308</u></u>	<u><u>149,600</u></u>
Supplemental cash flow information: -				
Cash paid during the period for				
Interest expenses	141,092	162,200	76,742	69,019
Corporate income tax	16,649	1,222	13,662	-
Non-cash transaction				
Unrealised gain on change in the value of investment	3,456	-	3,456	-

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 2004 AND 2003

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 2003. 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 2004 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 2004 amount to Baht 126 million (30 June 2003: Baht 83 million), and total revenues included for the three-month and six-month periods then ended amount to Baht 12 million and Baht 18 million (30 June 2003: Baht 7 million and Baht 12 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 2003, with the following additional accounting policy: -

Investments in trading securities

Investments in trading securities are determined at fair value. The change in value of securities is included in determining earnings. The fair value of unit trusts are their net asset 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 2004	31 December 2003
Under 90 days	1,240,230	1,092,512
91 - 180 days	88,763	106,638
181 - 365 days	50,675	3,960
Over 365 days	418	15,215
Total	1,380,086	1,218,325
Less: allowance for doubtful accounts	(50,182)	(64,239)
Net	1,329,904	1,154,086

A part of the trade accounts receivable of subsidiaries as at 30 June 2004 and 31 December 2003 have been pledged to secure credit facilities granted by banks.

(UNAUDITED BUT REVIEWED)

The balances of trade accounts receivable - related parties are classified by aging as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Under 90 days	133,510	73,041	312,449	306,243
91 - 180 days	-	-	306,771	219,474
181 - 365 days	-	-	542,969	385,203
Over 365 days	-	-	1,401,912	1,458,352
Total	<u>133,510</u>	<u>73,041</u>	<u>2,564,101</u>	<u>2,369,272</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			
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	Cost method		Equity method	
					Percent	Percent	30 June 2004	31 December 2003
<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	27	21
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(1,400)	(1,391)
d) Regional Container Lines Pte Ltd	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	3,131	2,890
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	901	243
f) RCL Service SA	USD 10,000	USD 10,000	49	49	2	2	39	39
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	144	141
h) RCL Ship Management Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	8	7
<u>Subsidiary operating in Hong Kong</u>								
i) Regional Container Lines (HK) Ltd	HK\$ 4 Million	HK\$ 4 Million	100	100	132	132	84	70
<u>Subsidiary operating in the People's Republic of China</u>								
j) Regional Container Lines Shipping Co., Ltd.	USD 1.24 Million	USD 1.24 Million	100	100	68	68	63	58
Total investments in subsidiaries					<u>2,126</u>	<u>2,126</u>	<u>2,999</u>	<u>2,080</u>
<u>Investment in associated company</u>								
Associated company operating in Thailand								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	124	119
Total investment in associated company					<u>20</u>	<u>20</u>	<u>124</u>	<u>119</u>
Total investments accounted for under equity method					<u><u>2,146</u></u>	<u><u>2,146</u></u>	<u><u>3,123</u></u>	<u><u>2,199</u></u>

(UNAUDITED BUT REVIEWED)

The accumulated shares of the profit of the associated company, as at 30 June 2004, are calculated based on the financial statements of the associated company, which are unreviewed by that company's auditor.

CONSOLIDATED

(Unit: Thousand Baht)

	<u>30 June 2004</u>	<u>31 December 2003</u>
The Company's investment in associated company	123,704	119,290
The subsidiaries' investments in associated companies	<u>8,917</u>	<u>8,717</u>
Total investments accounted for under equity method	<u><u>132,621</u></u>	<u><u>128,007</u></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 2004, a subsidiary in Singapore has period-by-period knock out swap and fixed interest rate swap agreements for loans amounting to USD 75 million (31 December 2003: USD 37.5 million), to exchange fixed interest rates to an interest rate of LIBOR per annum.

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 subsidiary company and related parties (related by way of shareholding or common shareholders and/or common directors). The transactions are summarised below: -

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	For the six-month periods ended 30 June 2004 and 2003				Pricing policy
	Consolidated		The Company Only		
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	604	413	Cost plus a margin or at price comparable to cost
<u>Transactions with related parties</u>					
Commission expenses	48	44	-	-	A price approximating market price
Terminal operating services	20	18	-	-	A price approximating tariff
Rental expenses	2	2	2	2	Rental agreement

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

	(Unit: Million Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	<u>30 June 2004</u>	<u>31 December 2003</u>	<u>30 June 2004</u>	<u>31 December 2003</u>
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
RCL Service SA	-	-	126	448
RCL Feeder Pte Ltd.	-	-	2,438	1,921
<u>Related companies</u>				
Ngow Hock Co., Ltd.	115	41	-	-
Songkhla Shipping Agency Co., Ltd.	19	32	-	-
	<u>134</u>	<u>73</u>	<u>2,564</u>	<u>2,369</u>
<u>Trade accounts payable - related party</u>				
<u>Subsidiary</u>				
RCL Ship Management Pte Ltd.	-	-	25	21
	<u>-</u>	<u>-</u>	<u>25</u>	<u>21</u>

(UNAUDITED BUT REVIEWED)

6. THE COMPANY'S CORPORATE INCOME TAX

The Company's operating results for the six-month period ended 30 June 2004 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 2004			
	Tax payer number			
	3101120028	3105114177		
BOI Promoted	NON-BOI Promoted	BOI Promoted		
Revenues				
Freight income	239,695,367	947,400	364,743,841	605,386,608
Gain on exchange	24,618,172	-	47,454,608	72,072,780
Other income	48,285	4,078,391	-	4,126,676
Share of profit from investment accounted for under equity method – subsidiaries	-	856,288,167	-	856,288,167
Share of profit from investment accounted for under equity method - associated companies	-	19,413,005	-	19,413,005
Total revenues	<u>264,361,824</u>	<u>880,726,963</u>	<u>412,198,449</u>	<u>1,557,287,236</u>
Expenses				
Cost of freight and operation	116,830,606	936,465	159,589,952	277,357,023
Administrative expenses	23,346,752	558,072	34,814,706	58,719,530
Loss on sale of investments	-	53,834,853	-	53,834,853
Interest expenses	22,978,344	-	52,612,876	75,591,220
Total expenses	<u>163,155,702</u>	<u>55,329,390</u>	<u>247,017,534</u>	<u>465,502,626</u>
Earnings before income tax	<u>101,206,122</u>	<u>825,397,573</u>	<u>165,180,915</u>	<u>1,091,784,610</u>
Corporate income tax	-	-	-	-
Net earnings for the period	<u>101,206,122</u>	<u>825,397,573</u>	<u>165,180,915</u>	<u>1,091,784,610</u>

7. DIVIDEND

On 30 April 2004, the annual general meeting of the Company's shareholders approved the payment of the dividend of Baht 0.45 per share to the shareholders, or a total of Baht 298.35 million. The dividend was paid in May 2004.

8. COMMITMENT

8.1 Commitments

As at 30 June 2004, the Company and its subsidiaries have the following commitments: -

- (a) The Company and its subsidiaries had the outstanding commitments of approximately Baht 3,536 million (31 December 2003: Baht 1,316 million) in respect of lease of office buildings, containers and charter hire agreements.
- (b) The Company had the outstanding commitments amounting to USD 54 million, or approximately Baht 2,210 million (31 December 2003: USD 57 million or approximately Baht 2,259 million), in respect of the building of two vessels. Furthermore, a Singaporean subsidiary had the commitments amounting to USD 98.1 million, or approximately Baht 4,016 million (31 December 2003: USD 52.6 million or approximately Baht 2,086 million), in respect of the building of four vessels.
- (c) An overseas subsidiary company in Singapore had the outstanding commitments of approximately USD 3 million or approximately Baht 124 million in respect of the purchases of containers.

8.2 Guarantees

As at 30 June 2004, the Company had outstanding guarantees of Baht 15,174 million (31 December 2003: Baht 10,508 million), which had been issued to secure credit lines of the overseas subsidiaries from financial institutions.

8.3 Bank Guarantees

As at 30 June 2004, there were outstanding bank guarantees of approximately Baht 23 million (31 December 2003: Baht 24 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.

8.4 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 RM 25 million or approximately Baht 276 million. The case is under consideration of the court.

In June 2000, the subsidiary was counter-sued by the associated company, claiming compensation of RM 14 million or approximately Baht 154 million, for illegal termination of an agency agreement. The management of subsidiary believe 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.

9. 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, 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 are as follows: -

(UNAUDITED BUT REVIEWED)

(Million Baht)

CONSOLIDATED							
For the six-month period ended 30 June 2004							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	667	8,244	61	56	9,028	(1,380)	7,648
Gross profit	341	1,277	48	55	1,721	11	1,732
Other income							47
Share of profit from investment accounted for under equity method - associated companies							19
Administrative expenses							(434)
Loss on sale of investments							(54)
Loss on exchange							(24)
Interest expenses							(191)
Corporate income tax							(4)
Minority interest							1
Net earnings for the period							1,092
Property, premises, vessels and equipment	4,986	8,855	67	13	13,921	(49)	13,872
Others							4,488
Total assets							18,360

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 investment 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

CONSOLIDATED							
As at 31 December 2003							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Property, premises, vessels and Equipment	4,992	8,322	66	6	13,386	(51)	13,335
Others							4,470
Total assets							17,805

10. FINANCIAL INSTRUMENTS

As at 30 June 2004, a subsidiary in Singapore entered into Baht currency forward contracts amounting to USD 18 million at exchange rate between Baht 39.01 to Baht 39.02 per USD 1, due between September 2004 and December 2004.

11. RECLASSIFICATION OF ACCOUNTS

Certain amounts in the financial statements for the six-month period ended 30 June 2003 have been reclassified to conform to the current period classification, with no effect on previously reported net earnings or shareholders' equity.

12. 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 st Quarter 2003	Half-Year 2003	9 months 2003	Yearend 2003	1 st Quarter 2004	Half-Year 2004
Freight income	73.4	149.4	230.7	315.5	87.7	191.6
Cost of freight and operations (excl. depreciation)	(57.2)	(117.7)	(181.2)	(247.1)	(67.0)	(140.6)
Gross Profit	16.2	31.7	49.5	68.4	20.7	51.0
Gross Profit Margin	22.1%	21.2%	21.5%	21.7%	23.6%	26.6%
Other income	2.8	3.9	5.0	7.2	0.8	1.7
Gain on exchange	0.0	0.0	0.0	0.0	0.0	0.0
Total other income	2.8	3.9	5.0	7.2	0.8	1.7
Admin expenses	(4.5)	(9.3)	(15.5)	(21.1)	(5.1)	(11.9)
Depreciation	(4.7)	(9.4)	(14.1)	(18.9)	(4.8)	(9.6)
Loss on exchange	(0.1)	(0.5)	(0.8)	(0.6)	(0.3)	(0.8)
Unrealised loss on changes in value of investments	0.0	0.0	0.0	0.0	(1.1)	0.0
Loss on impairment of fixed assets	0.0	0.0	0.0	(9.4)	0.0	0.0
Total other expenses	(9.3)	(19.2)	(30.4)	(50.0)	(11.3)	(22.3)
Interest expenses	(2.8)	(5.5)	(8.4)	(11.3)	(2.4)	(4.8)
Profit / (loss) before taxation	6.9	10.9	15.7	14.3	7.8	25.6
Income tax	(0.1)	(0.1)	(0.2)	(0.6)	0.0	(0.1)
Profit / (loss) after taxation	6.8	10.8	15.5	13.7	7.8	25.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit / (loss) attributable to members	6.8	10.8	15.5	13.7	7.8	25.5

COMPUTATION OF EBITDA

Profit / (loss) before taxation	6.9	10.9	15.7	14.3	7.8	25.6
Add: Impairment loss	0.0	0.0	0.0	9.4	0.0	0.0
Add: Interest	2.8	5.5	8.4	11.3	2.4	4.8
EBIT	9.7	16.4	24.1	35.0	10.2	30.4
Add: Amortisation	0.0	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	4.7	9.4	14.1	18.9	4.8	9.6
EBITDA	14.4	25.8	38.2	53.9	15.0	40.0

5 August 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 30 June 2004 and 31 December 2003, and the statements of earnings and retained earnings for the six-month periods ended 30 June 2004 and 2003 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 2004		31 December 2003	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
ASSETS				
Current assets				
Cash and cash equivalents	1,856.3	45.3	1,927.0	48.6
Short-term investment in available-for-sale securities - Unit trusts	669.0	16.3	730.2	18.4
Trade accounts receivable, net	1,329.9	32.5	1,154.1	29.2
Trade accounts receivable - related parties	133.5	3.3	73.0	1.8
Other current assets	324.6	8.0	417.7	10.6
Total current assets	<u>4,313.3</u>	<u>105.4</u>	<u>4,302.0</u>	<u>108.6</u>
Non-current assets				
Property and premises, net	2,047.3	57.3	2,006.4	57.5
Vessels and equipment, net	11,825.1	355.2	11,328.3	348.1
Other non-current assets	173.9	5.2	168.5	5.1
Total non-current assets	<u>14,046.3</u>	<u>417.7</u>	<u>13,503.2</u>	<u>410.7</u>
TOTAL ASSETS	<u><u>18,359.6</u></u>	<u><u>523.1</u></u>	<u><u>17,805.2</u></u>	<u><u>519.3</u></u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

	30 June 2004		31 December 2003	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade accounts payable	1,113.0	27.2	1,198.4	30.3
Current portion of finance lease creditors	81.6	2.0	122.7	3.1
Current portion of long-term loans	1,028.1	25.1	955.7	24.1
Debenture	690.0	16.8	690.0	17.4
Other current liabilities	235.9	5.8	206.6	5.2
Total current liabilities	3,148.6	76.9	3,173.4	80.1
Non-current liabilities				
Finance lease creditors, net of current portion	129.2	3.2	154.0	3.9
Long-term loans, net of current portion	4,877.1	119.1	5,123.3	129.2
Debenture	2,500.0	61.1	2,500.0	63.1
Total non-current liabilities	7,506.3	183.4	7,777.3	196.2
Total liabilities	10,654.9	260.3	10,950.7	276.3
Shareholders' equity				
Share capital				
Issued and fully paid				
663,000,000 ordinary shares of Baht 1 each	663.0	20.6	663.0	20.6
Share premium	3,073.2	113.7	3,073.2	113.7
Translation adjustment	740.4	(4.3)	677.6	(6.1)
Retained earnings				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	3,151.6	130.6	2,358.2	112.5
Unrealised gain on changes in the value of invest	6.3	0.2	2.8	0.1
Equity attributable to Company's shareholders	7,700.8	262.7	6,841.1	242.7
Minority interest - equity attributable				
to minority shareholders of subsidiaries	3.9	0.1	13.4	0.3
Total shareholders' equity	7,704.7	262.8	6,854.5	243.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,359.6	523.1	17,805.2	519.3

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 2004 AND 2003

	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
	Million	Million	Million	Million
	Baht	USD	Baht	USD
EARNINGS				
Revenues				
Freight income	7,648.0	191.6	6,347.5	149.4
Other income	66.1	1.7	165.7	3.9
Total revenues	<u>7,714.1</u>	<u>193.3</u>	<u>6,513.2</u>	<u>153.3</u>
Expenses				
Cost of freight and operations	5,613.5	140.6	5,000.3	117.7
Depreciation	316.9	9.6	316.7	9.4
Administrative expenses	473.1	11.9	394.3	9.3
Loss on exchange	24.4	0.8	175.7	0.5
Total expenses	<u>6,427.9</u>	<u>162.9</u>	<u>5,887.0</u>	<u>136.9</u>
Earnings before interest and income tax expense	1,286.2	30.4	626.2	16.4
Interest expenses	(190.8)	(4.8)	(234.5)	(5.5)
Corporate income tax	(4.0)	(0.1)	(5.3)	(0.1)
Earnings after income tax	<u>1,091.4</u>	<u>25.5</u>	<u>386.4</u>	<u>10.8</u>
Net loss - minority interest	0.4	-	0.6	-
Net earnings for the period	<u><u>1,091.8</u></u>	<u><u>25.5</u></u>	<u><u>387.0</u></u>	<u><u>10.8</u></u>
RETAINED EARNINGS				
Retained earnings - unappropriated				
Balance - beginning of period	2,358.2	112.5	1,699.7	101.9
Net earnings for the period	1,091.8	25.5	387.0	10.8
Dividend paid	(298.4)	(7.4)	(132.6)	(3.1)
Total retained earnings - unappropriated	<u>3,151.6</u>	<u>130.6</u>	<u>1,954.1</u>	<u>109.6</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><u>3,217.9</u></u>	<u><u>132.5</u></u>	<u><u>2,020.4</u></u>	<u><u>111.5</u></u>

See Basis of Preparation

BASIS OF PREPARATION

1. THAI BAHT FIGURES

The Thai Baht figures in the balance sheets as at 30 June 2004 and profit and loss accounts for the six-month periods ended 30 June 2004 and 2003 were extracted from the reviewed consolidated financial statements. The Thai Baht figures in the balance sheet as at 31 December 2003 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 2004 : USD 1 = Baht 40.9334

As of 31 December 2003 : USD 1 = Baht 39.6382

- 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 2004 : USD 1 = Baht 39.9197

30 June 2003 : USD 1 = Baht 42.4868