



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

PRESS RELEASE

FINANCIAL RESULTS AS AT 31 DECEMBER 2004

The fourth quarter Net Profit of Regional Container Lines Public Company Limited represented another record at THB1.31 billion and surpassing the old record achieved in previous quarter. Comparing to same quarter last year, Net Profit of the Group had increased more than 9 folds. This achievement was contributed by the strong growth in liftings, a steady recovery of ocean freight rate and a relatively stable fixed cost. As regional trade continued to benefit from increased outsourcing activities from U.S. and Europe, the fourth quarter liftings were up 26% year-on-year at 575,745 TEUs. The turnover for the fourth quarter before exchange difference was up 51% at THB5.26 billion compared to THB3.48 billion for the same quarter in 2003.

The Cost of Freight and Operation in fourth quarter of 2004 increased 27% at THB3.53 billion and was in line with improved liftings. The external time charter expenses had stayed persistently high throughout the year. However, the Group had benefited from its policy of operating majority of its owned vessels whereby fixed cost increase in 2004 had been well contained. In 2005, the Group would be expecting another 6 new vessels which should provide added flexibility in containing this expense further.

The Group had provided two one-time charges in fourth quarter. The first was a THB58 million impairment charge to the Group's office property and the second was a THB126 million additional depreciation provided to four vessels that were over 20 years old.

2004 was a record year in all aspects for Regional Container Lines. The Group had registered record liftings of 2.1 million TEU this year, representing a 21% increase year-on-year. The Net profit for the Group leaped more than 4 folds to THB3.67 billion, representing a 481% increase year-on-year and a record in itself. Turnover for the Group was up 35% year-on-year at THB18.08 billion while Cost of Freight and Operation was up 18% year-on-year at THB12.88 billion. Operationally, both lines of business had registered double-digit growth. In 2004, SOC (Shipper Owned Container) and COC (Carrier Owned Container) activities grew 27% and 14% respectively.

As regional currency continued to strengthen against U.S. Dollar, the Group recorded an exchange gain of THB15 million in fourth quarter when comparing to THB131 million in the same quarter last year. In 2004, the full year exchange gain was THB34 million versus a loss on exchange of THB111 million in 2003.

Note :

The Group's financial numbers for 2003 full-year were re-stated due to the fact that two Singapore subsidiaries had adopted functional currency reporting in 2004 and which required to re-state their 2003 opening balance. The change in accounting policy *had the effect* of decreasing the consolidated net earnings for the year 2003 by THB159 million and the cumulative effect of the accounting change up to beginning of 2003 had been presented in the Statements of Changes in shareholders' equity. All above-mentioned Full Year comparative numbers were based on the re-stated numbers. The Fourth Quarter comparative numbers were based on the original number for Fourth Quarter, 2003.

Regional Container Lines PLC
February 22, 2005



REGIONAL CONTAINER LINES GROUP

QUARTERLY EARNING STATEMENTS IN US\$

(million US\$)

	1 st Quarter	Half-Year	9 months	Yearend	1 st Quarter	Half-Year	9 months	Yearend
	2003	2003	2003	2003	2004	2004	2004	2004
Freight income	73.4	149.4	230.7	315.5	87.7	191.6	314.3	444.9
Cost of freight and operations (excl. depre	(57.2)	(117.7)	(181.2)	(247.1)	(67.0)	(140.6)	(219.7)	(299.7)
Gross Profit	16.2	31.7	49.5	68.4	20.7	51.0	94.6	145.2
Gross Profit Margin	22.1%	21.2%	21.5%	21.7%	23.6%	26.6%	30.1%	32.6%
Other income	2.8	3.9	5.0	7.2	0.8	1.7	2.6	3.6
Gain on exchange	0.0	0.0	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	2.6	3.6
Admin expenses	(4.5)	(9.3)	(15.5)	(21.1)	(5.1)	(10.5)	(18.5)	(25.4)
Depreciation	(4.7)	(9.4)	(14.1)	(18.9)	(4.8)	(9.6)	(14.3)	(22.5)
Loss on exchange	(0.1)	(0.5)	(0.8)	(0.6)	(0.3)	(0.8)	(2.4)	(0.8)
Loss on sale of investments	0.0	0.0	0.0	0.0	(1.1)	(1.4)	(1.3)	(1.1)
Loss on impairment of fixed assets	0.0	0.0	0.0	(9.4)	0.0	0.0	0.0	(1.7)
Total other expenses	(9.3)	(19.2)	(30.4)	(50.0)	(11.3)	(22.3)	(36.5)	(51.5)
Interest expenses	(2.8)	(5.5)	(8.4)	(11.3)	(2.4)	(4.8)	(7.2)	(9.7)
Profit / (loss) before taxation	6.9	10.9	15.7	14.3	7.8	25.6	53.5	87.6
Income tax	(0.1)	(0.1)	(0.2)	(0.6)	0.0	(0.1)	(0.3)	(0.3)
Profit / (loss) after taxation	6.8	10.8	15.5	13.7	7.8	25.5	53.2	87.3
Minority interest	0.0	0.0	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	53.2	87.3

COMPUTATION OF EBITDA

Profit / (loss) before taxation	6.9	10.9	15.7	14.3	7.8	25.6	53.5	87.6
Add: Impairment loss	0.0	0.0	0.0	9.4	0.0	0.0	0.0	1.7
Add: Interest	2.8	5.5	8.4	11.3	2.4	4.8	7.2	9.7
EBIT	9.7	16.4	24.1	35.0	10.2	30.4	60.7	99.0
Add: Amortisation	0.0	0.0	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	14.3	22.5
EBITDA	14.4	25.8	38.2	53.9	15.0	40.0	75.0	121.5

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2004

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 2004 and 2003 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 2004 and 2003 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: 14 February 2005

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003 (Restated)	2004	2003 (Restated)
ASSETS					
Current assets					
Cash and cash equivalents		2,400,569,942	1,927,004,814	232,917,101	334,589,007
Short-term investments in available-for-sale securities		-	730,188,922	-	730,188,922
Trade accounts receivable		1,402,187,134	1,209,104,905	-	-
Less: allowance for doubtful debts		(38,346,261)	(64,240,719)	-	-
Trade accounts receivable, net	6	1,363,840,873	1,144,864,186	-	-
Trade accounts receivable - related parties	6, 11	109,428,230	70,015,208	1,766,298,812	2,369,271,901
Material supplies		173,439,516	125,733,935	4,655,459	5,416,678
Other current assets		186,769,647	291,819,131	9,876,356	13,510,071
Total current assets		4,234,048,208	4,289,626,196	2,013,747,728	3,452,976,579
Non-current assets					
Property investments held for long-term investment		2,011,520	2,042,320	-	-
Investments accounted for under equity method	7	156,092,101	129,595,974	6,437,277,076	3,304,516,669
Other long-term investments		37,135,156	37,643,617	-	-
Property and premises, net	8	1,952,937,286	2,006,408,501	20,202,454	22,473,025
Vessels and equipment, net	8	14,200,201,486	12,435,462,222	5,074,496,842	4,966,871,600
Other non-current assets		4,130,151	3,823,563	1,536,003	1,554,238
Total non-current assets		16,352,507,700	14,614,976,197	11,533,512,375	8,295,415,532
TOTAL ASSETS		20,586,555,908	18,904,602,393	13,547,260,103	11,748,392,111

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 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003 (Restated)	2004	2003 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		1,067,605,205	1,192,327,306	-	-
Trade accounts payable - related party	11	-	-	17,068,088	21,107,302
Current portion of finance lease creditors		58,942,781	122,762,353	-	-
Current portion of long-term loans	9	1,030,889,991	955,754,862	47,188,123	186,777,054
Current portion of debenture	10	-	690,000,000	-	690,000,000
Corporate income tax payable		7,836,360	20,294,536	-	13,661,996
Other current liabilities		226,394,185	186,134,192	49,424,232	45,216,264
Total current liabilities		<u>2,391,668,522</u>	<u>3,167,273,249</u>	<u>113,680,443</u>	<u>956,762,616</u>
Non-current liabilities					
Finance lease creditors, net of current portion		92,979,266	153,979,341	-	-
Long-term loans, net of current portion	9	4,781,448,899	5,123,408,335	117,970,306	345,055,170
Debentures, net of current portion	10	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Total non-current liabilities		<u>7,374,428,165</u>	<u>7,777,387,676</u>	<u>2,617,970,306</u>	<u>2,845,055,170</u>
Total liabilities		<u>9,766,096,687</u>	<u>10,944,660,925</u>	<u>2,731,650,749</u>	<u>3,801,817,786</u>
Shareholders' equity					
Share capital					
Registered					
663,000,000 ordinary shares of Baht 1 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		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		1,930,243,383	2,138,920,233	1,930,243,383	2,138,920,233
Retained earnings					
Appropriated - statutory reserve	12	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated		5,082,875,528	2,002,316,919	5,082,875,528	2,002,316,919
Unrealised gain on changes in the value of investr		-	2,846,730	-	2,846,730
Equity attributable to Company's shareholders		<u>10,815,609,354</u>	<u>7,946,574,325</u>	<u>10,815,609,354</u>	<u>7,946,574,325</u>
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		<u>4,849,867</u>	<u>13,367,143</u>	-	-
Total shareholders' equity		<u>10,820,459,221</u>	<u>7,959,941,468</u>	<u>10,815,609,354</u>	<u>7,946,574,325</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>20,586,555,908</u>	<u>18,904,602,393</u>	<u>13,547,260,103</u>	<u>11,748,392,111</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 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003 (Restated)	2004	2003 (Restated)
Revenues					
Freight income		17,933,041,370	13,082,078,898	1,231,310,173	950,037,602
Gain on sale of investments		-	52,088,597	-	52,088,597
Input tax refund		-	85,383,607	-	85,383,607
Other income		103,679,915	119,756,627	4,743,116	7,876,081
Gain on exchange		33,674,543	-	4,524,917	-
Share of profit from investments accounted for under equity method - subsidiaries		-	-	3,314,803,446	549,844,348
Share of profit from investments accounted for under equity method - associated companies		41,633,811	40,721,155	41,633,811	40,721,155
Total revenues		<u>18,112,029,639</u>	<u>13,380,028,884</u>	<u>4,597,015,463</u>	<u>1,685,951,390</u>
Expenses					
Cost of freight and operations		12,875,438,352	10,908,574,413	584,049,638	590,370,053
Administrative expenses		1,024,820,121	883,182,676	137,782,176	126,806,606
Loss on sale of investments		44,030,245	-	44,030,245	-
Loss on impairment of buildings	8	58,024,201	331,011,489	-	-
Loss on exchange		-	110,807,665	-	143,090,241
Directors' remuneration	15	27,216,511	22,010,311	6,050,000	4,900,000
Total expenses		<u>14,029,529,430</u>	<u>12,255,586,554</u>	<u>771,912,059</u>	<u>865,166,900</u>
Earnings before interest and income tax expenses		4,082,500,209	1,124,442,330	3,825,103,404	820,784,490
Interest expenses		(390,940,325)	(469,508,545)	(147,844,795)	(173,286,418)
Corporate income tax	16	(13,950,739)	(23,230,526)	-	(14,851,644)
Earnings after income tax		3,677,609,145	631,703,259	3,677,258,609	632,646,428
Net loss (earnings) - minority interest		(350,536)	943,169	-	-
Net earnings		<u>3,677,258,609</u>	<u>632,646,428</u>	<u>3,677,258,609</u>	<u>632,646,428</u>
Basic earnings per share					
Net earnings		<u>5.55</u>	<u>0.95</u>	<u>5.55</u>	<u>0.95</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 2004 AND 2003

(Unit: Baht)

CONSOLIDATED

	Issued and paid-up		Translation adjustment	Retained earnings		Unrealised gain on changes in the value of investments	Minority interest of subsidiaries	Total	
	Note	share capital		Share premium	Statutory reserve				Unappropriated
Balance - beginning of the year 2003, as previously reported		663,000,000	3,073,190,443	785,659,932	66,300,000	1,699,591,608	-	26,210,881	6,313,952,864
Cummulative effect of the change in accounting policy relating to function. 3		-	-	1,302,714,708	-	(197,321,117)	-	-	1,105,393,591
Balance - beginning of the year 2003		663,000,000	3,073,190,443	2,088,374,640	66,300,000	1,502,270,491	-	26,210,881	7,419,346,455
Translation adjustment		-	-	50,545,593	-	-	-	-	50,545,593
Net earnings for the year 2003, as res		-	-	-	-	632,646,428	-	-	632,646,428
Dividend paid 13		-	-	-	-	(132,600,000)	-	-	(132,600,000)
Unrealised gain on changes in the val		-	-	-	-	-	2,846,730	-	2,846,730
Decrease in minority interest		-	-	-	-	-	-	(12,843,738)	(12,843,738)
Balance - end of the year 2003, as re		663,000,000	3,073,190,443	2,138,920,233	66,300,000	2,002,316,919	2,846,730	13,367,143	7,959,941,468
Translation adjustment		-	-	(208,676,850)	-	-	-	-	(208,676,850)
Net earnings for the year 2004		-	-	-	-	3,677,258,609	-	-	3,677,258,609
Dividend paid 13		-	-	-	-	(596,700,000)	-	-	(596,700,000)
Sales of investments		-	-	-	-	-	(2,846,730)	-	(2,846,730)
Decrease in minority interest		-	-	-	-	-	-	(8,517,276)	(8,517,276)
Balance - end of the year 2004		663,000,000	3,073,190,443	1,930,243,383	66,300,000	5,082,875,528	-	4,849,867	10,820,459,221

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 2004 AND 2003

(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 2003, as previously reported		663,000,000	3,073,190,443	785,659,932	66,300,000	1,699,591,608	-	6,287,741,983
Cummulative effect of the change in accounting policy relating to functional currency	3	-	-	1,302,714,708	-	(197,321,117)	-	1,105,393,591
Balance - beginning of the year 2003, as restated		663,000,000	3,073,190,443	2,088,374,640	66,300,000	1,502,270,491	-	7,393,135,574
Translation adjustment		-	-	50,545,593	-	-	-	50,545,593
Net earnings for the year 2003, as restated		-	-	-	-	632,646,428	-	632,646,428
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, as restated		663,000,000	3,073,190,443	2,138,920,233	66,300,000	2,002,316,919	2,846,730	7,946,574,325
Translation adjustment		-	-	(208,676,850)	-	-	-	(208,676,850)
Net earnings for the year 2004		-	-	-	-	3,677,258,609	-	3,677,258,609
Dividend paid	13	-	-	-	-	(596,700,000)	-	(596,700,000)
Sales of investments		-	-	-	-	-	(2,846,730)	(2,846,730)
Balance - end of the year 2004		<u>663,000,000</u>	<u>3,073,190,443</u>	<u>1,930,243,383</u>	<u>66,300,000</u>	<u>5,082,875,528</u>	<u>-</u>	<u>10,815,609,354</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

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u> (Restated)	<u>2004</u>	<u>2003</u> (Restated)
Cash flows from operating activities				
Net earnings	3,677,258,609	632,646,428	3,677,258,609	632,646,428
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: -				
Depreciation	823,237,081	692,499,712	264,869,993	255,440,300
Share of profit from investments accounted for under equity method - subsidiaries	-	-	(3,314,803,446)	(549,844,348)
Share of profit from investments accounted for under equity method - associated companies	(41,633,811)	(40,721,155)	(41,633,811)	(40,721,155)
Loss on impairment of buildings	58,024,201	331,011,489	-	-
Loss (gain) on sale of investments	44,030,245	(52,088,597)	44,030,245	(52,088,597)
Increase (decrease) in allowance for doubtful	(25,894,458)	38,752,998	-	-
Unrealised exchange loss (gain)	(85,205,525)	84,064,803	43,606,229	127,658,615
Minority interest	350,536	(943,169)	-	-
	<u>4,450,166,878</u>	<u>1,685,222,509</u>	<u>673,327,819</u>	<u>373,091,243</u>
Operating assets (increase) decrease				
Trade accounts receivable	(193,082,229)	494,055,143	-	-
Trade accounts receivable - related parties	1,406,730	(70,015,208)	558,336,647	(376,990,268)
Material supplies	(47,705,581)	(1,332,487)	761,219	62,444
Other current assets	105,049,484	(132,405,662)	3,633,715	26,044,787
Other non-current assets	(390,249)	(154,939)	(65,426)	(64,940)
Operating liabilities increase (decrease)				
Trade accounts payable	(124,722,101)	8,770,813	-	-
Trade accounts payable - related party	-	-	(3,916,448)	(10,177,747)
Finance lease creditors	(124,819,612)	(187,875,820)	-	-
Corporate income tax payable	(12,458,176)	15,226,292	(13,661,996)	13,661,996
Other current liabilities	31,392,181	(6,657,416)	4,207,968	(8,111,645)
Net cash flows provided by operating activities	<u>4,084,837,325</u>	<u>1,804,833,225</u>	<u>1,222,623,498</u>	<u>17,515,870</u>
Cash flows from investing activities				
Decrease (increase) in short-term investments in available for sale securities - Unit trusts	683,311,947	(675,253,596)	683,311,947	(675,253,596)
Decrease (increase) in property, premises, vessels	(2,592,529,331)	581,976,844	(370,224,664)	(127,377,129)
Increase in investments accounted for under equity method	-	-	-	(14,288,400)
Dividend received from associated company	15,000,000	10,000,000	15,000,000	10,000,000
Translation adjustment	(207,999,905)	(269,258,938)	-	-
Net cash provided by (used in) investing activities	<u>(2,102,217,289)</u>	<u>(352,535,690)</u>	<u>328,087,283</u>	<u>(806,919,125)</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 2004 AND 2003

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u> (Restated)	<u>2004</u>	<u>2003</u> (Restated)
Cash flows from financing activities				
Decrease in promissory notes	-	(1,000,000,000)	-	(1,000,000,000)
Decrease in long-term loans	(222,354,908)	(2,070,293,146)	(365,682,687)	(198,642,491)
Increase (decrease) in debentures	(690,000,000)	2,190,000,000	(690,000,000)	2,190,000,000
Dividend paid	(596,700,000)	(132,600,000)	(596,700,000)	(132,600,000)
Net cash provided by (used in) financing activities	<u>(1,509,054,908)</u>	<u>(1,012,893,146)</u>	<u>(1,652,382,687)</u>	<u>858,757,509</u>
Net increase (decrease) in cash and cash equivalents	473,565,128	439,404,389	(101,671,906)	69,354,254
Cash and cash equivalents at beginning of year	<u>1,927,004,814</u>	<u>1,487,600,425</u>	<u>334,589,007</u>	<u>265,234,753</u>
Cash and cash equivalents at end of year	<u><u>2,400,569,942</u></u>	<u><u>1,927,004,814</u></u>	<u><u>232,917,101</u></u>	<u><u>334,589,007</u></u>
Supplemental cash flows information				
Cash paid during the year for				
Interest expenses	330,842,771	329,139,989	175,745,012	161,468,412
Corporate income tax	22,424,985	17,431,211	13,661,996	1,008,433
Non-cash transaction				
Unrealised gain on change in the value of investments	-	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 2004 AND 2003

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) and Regional Container Line (M) Sdn Bhd (100% owned), which was acquired in 2004 (The company has not commenced any operations)	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 (The company has ceased its operations)	Ship operating	Panama	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>
g)	RCL Holdings Ltd. (The company has ceased its operations)	Ship owning and operating	Singapore	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
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 deregistered on 27 February 2004)	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)	RCL (Xiamen) Ltd. (The company deregistered on 27 February 2004)	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>				
m)	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 2004 and 2003 include the financial statements of a subsidiary operating in the People's Republic of China. These financial statements were audited by another audit firm. Total assets of the subsidiary included at 31 December 2004 and 2003 amounted to Baht 106 million and Baht 87 million, respectively, and total revenues for the years then ended amounted to Baht 57 million and Baht 25 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. CHANGE IN ACCOUNTING POLICY

During 2004, the Singapore Council on Corporate Disclosure announced a reporting standard on functional currency, whereby companies are required to report on their operating results and financial position in their normal functional currency, effective for financial statements for periods beginning on or after 1 January 2005. The normal functional currency of two subsidiaries in Singapore, RCL Feeder Pte. Ltd. and Regional Container Lines Pte. Ltd., is the US dollar, and these subsidiaries have adopted the above accounting standard prior to the effective date, beginning with the 2004 financial statements, and have both thus changed the currency used for recording accounts from the Singapore dollar to the US dollar. In changing their accounting policy, the subsidiary companies had to restate the financial statements for the year 2003. The change in accounting policy had the effect of decreasing the consolidated net earnings for the year 2003 by Baht 159 million and the cumulative effect of the accounting change up to beginning of 2003 has been presented under the heading of “Cumulative effect of the change in accounting policy relating to functional currency” in the statements of changes in shareholders’ equity.

4. CHANGE IN ACCOUNTING ESTIMATION

During 2004, the Company and a Singapore subsidiary company changed the estimated useful life of vessels from 20 years from the purchase date to 25 years from the date construction is completed. The change is applied only for the vessels which have been in use for more than 20 years after construction. The change in accounting estimation was made to better reflect the current condition and future economic benefit of the vessels. The effect of the change is to decrease net earnings of the year 2004 by Baht 9 million in the separate financial statements of the Company and by Baht 126 million in the consolidated financial statements.

5. 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:

5.1 Revenues

Freight income is recognised when services have been rendered.

5.2 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.

5.3 Allowance for doubtful debts

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

5.4 Material supplies

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

5.5 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 - 33years
Condominiums and leasehold buildings	20, 50years
Other fixed assets	3 - 10years
Long-term leasehold land 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 expended in the earnings statement in the year of acquisition.

5.6 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 are their net asset value.

(b) Investments in trading securities are determined at fair value. The change in value of securities is included in determining earnings.

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

(d) 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.

5.7 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.

5.8 Property investments held for long-term investment

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

5.9 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, which affect amounts reported in the accompanying financial statements and notes thereto. Actual results could differ from these estimates.

5.10 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.

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

The balances of trade accounts receivable as at 31 December 2004 and 2003, are classified by aging as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	2004	2003
		(Restated)
Under 90 days	1,388,680	1,084,173
91 - 180 days	13,089	105,930
Over 181days	418	19,002
Total	1,402,187	1,209,105
Less: Allowance for doubtful debts	(38,346)	(64,241)
Net	1,363,841	1,144,864

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

The balances of trade accounts receivable - related parties as at 31 December 2004 and 2003, are classified by aging as follows: -

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
		(Restated)		(Restated)
Under 90 days	109,428	70,015	301,788	306,243
91 - 180 days	-	-	301,655	219,474
181 - 365 days	-	-	591,576	385,203
Over 365 days	-	-	571,280	1,458,352
	<u>109,428</u>	<u>70,015</u>	<u>1,766,299</u>	<u>2,369,272</u>

7. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

The Company Only

<u>Company's name</u>	(Unit: Million Baht)							
	Share capital issued		Percentage directly		Investment			
	and fully paid		owned by the		Cost method		Equity method	
	2004	2003	2004	2003	2004	2003	2004	2003
				Percent	Percent	(Restated)	(Restated)	
<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	29	21
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(1,093)	(1,220)
d) Regional Container Lines Pte Ltd.	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	3,969	3,814
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	3,052	254

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Investment			
			2004	2003	Cost method		Equity method	
	2004	2003	2004	2003	2004	2003	2004	2003
			Percent	Percent		(Restate d)		(Restate d)
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	7	7
<u>Subsidiaries operating in Hong Kong</u>								
i) Regional Container Lines (H.K.) Ltd.	HK\$ 4 Million	HK\$ 4 Million	100	100	132	132	76	70
<u>Subsidiary operating in the People's Republic of China</u>								
j) Regional Container Lines Shipping Co., Ltd.	USD 1.6 Million	USD 1.6 Million	100	100	68	68	66	58
Total investments in subsidiaries					2,126	2,126	6,291	3,186
Investment in associated company								
<u>Associated company operating in Thailand</u>								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	146	119
Total investment in associated company					20	20	146	119
Total investments accounted for under equity method					2,146	2,146	6,437	3,305

The accumulated share of the profit of the associated company, as at 31 December 2004, is calculated based on the financial statements of the associated company, which is unaudited by that company's auditor.

Consolidated

(Unit: Thousand Baht)

	2004	2003
		(Restated)
The Company's investment in associated company	145,925	119,291
The subsidiaries' investment in associated company	10,167	10,305
Total investments accounted for under equity method	156,092	129,596

8. 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	Improvement of building in China	Total
<u>Cost</u>							
31 December 2003, as restated	45,746,387	3,822,681,394	317,974,611	29,531,276	5,328,812	-	4,221,262,480
Acquisitions	-	-	-	129,552	-	83,647	213,199
Disposals	-	-	-	(824,556)	-	-	(824,556)
Translation adjustment	-	33,306,927	(4,795,340)	(373,118)	(80,373)	(2,555)	28,055,541
31 December 2004	<u>45,746,387</u>	<u>3,855,988,321</u>	<u>313,179,271</u>	<u>28,463,154</u>	<u>5,248,439</u>	<u>81,092</u>	<u>4,248,706,664</u>
<u>Accumulated depreciation</u>							
31 December 2003, as restated	23,273,362	224,075,276	33,532,425	28,794,622	266,439	-	309,942,124
Depreciation for the year	2,270,571	6,993,823	623,612	169,225	1,080,120	29,276	11,166,627
Depreciation for disposals	-	-	-	(315,366)	-	-	(315,366)
Translation adjustment	-	(1,117,449)	(523,270)	(379,671)	(34,451)	(894)	(2,055,735)
31 December 2004	<u>25,543,933</u>	<u>229,951,650</u>	<u>33,632,767</u>	<u>28,268,810</u>	<u>1,312,108</u>	<u>28,382</u>	<u>318,737,650</u>
<u>Provision for impairment loss</u>							
31 December 2003, as restated	-	1,678,134,045	226,777,810	-	-	-	1,904,911,855
Impairment loss for the year	-	68,753,868	-	-	-	-	68,753,868
Amortisation	-	(4,182,898)	(6,546,769)	-	-	-	(10,729,667)
Translation adjustment	-	17,331,220	(3,235,548)	-	-	-	14,095,672
31 December 2004	<u>-</u>	<u>1,760,036,235</u>	<u>216,995,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,977,031,728</u>
<u>Net book value</u>							
31 December 2003, as restated	<u>22,473,025</u>	<u>1,920,472,073</u>	<u>57,664,376</u>	<u>736,654</u>	<u>5,062,373</u>	<u>-</u>	<u>2,006,408,501</u>
31 December 2004	<u>20,202,454</u>	<u>1,866,000,436</u>	<u>62,551,011</u>	<u>194,344</u>	<u>3,936,331</u>	<u>52,710</u>	<u>1,952,937,286</u>

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 2003, as restated	15,527,239,373	235,495,364	1,469,665,754	140,210,722	28,766,806	17,401,378,019
Acquisitions	1,316,736,428	1,119,176,075	256,366,923	30,976,608	9,350,310	2,732,606,344
Disposals	-	-	(41,550,890)	(711,765)	(5,800,627)	(48,063,282)
Transfer out	-	-	-	(5,790,264)	-	(5,790,264)
Translation adjustment	(162,508,989)	(23,945,191)	(26,039,921)	(1,446,495)	(210,544)	(214,151,140)
31 December 2004	<u>16,681,466,812</u>	<u>1,330,726,248</u>	<u>1,658,441,866</u>	<u>163,238,806</u>	<u>32,105,945</u>	<u>19,865,979,677</u>
<u>Accumulated depreciation</u>						
31 December 2003, as restated	3,932,108,772	-	903,526,106	113,431,497	16,849,422	4,965,915,797
Depreciation for the year	688,278,308	-	104,338,243	14,577,645	4,876,258	812,070,454
Depreciation for disposals	-	-	(41,498,620)	(701,890)	(4,126,242)	(46,326,752)
Transfer out	-	-	-	(5,790,264)	-	(5,790,264)
Translation adjustment	(45,147,385)	-	(13,942,329)	(972,177)	(29,153)	(60,091,044)
31 December 2004	<u>4,575,239,695</u>	<u>-</u>	<u>952,423,400</u>	<u>120,544,811</u>	<u>17,570,285</u>	<u>5,665,778,191</u>
<u>Net book value</u>						
31 December 2003, as restated	<u>11,595,130,601</u>	<u>235,495,364</u>	<u>566,139,648</u>	<u>26,779,225</u>	<u>11,917,384</u>	<u>12,435,462,222</u>
31 December 2004	<u>12,106,227,117</u>	<u>1,330,726,248</u>	<u>706,018,466</u>	<u>42,693,995</u>	<u>14,535,660</u>	<u>14,200,201,486</u>
<u>Depreciation of property, premises, vessels and equipment for the year</u>						
2003, as previously reported						<u>692,499,712</u>
2004						<u>823,237,081</u>

Containers with net book values amounting to approximately Baht 227 million as at 31 December 2004 (2003: Baht 534 million) were acquired under finance lease agreements.

At the end of the years 2004, the subsidiaries in Singapore and Hong Kong arranged to reevaluate the pricing of their vessels and buildings by appraisal and recorded net losses of Baht 58 million (2003: Baht 331 million), 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 2003	6,389,972,664	125,697,550	23,389,578	7,863,500	6,546,923,292
Acquisitions	-	366,070,486	4,161,069	-	370,231,555
Disposals	-	-	(340,666)	-	(340,666)
31 December 2004	<u>6,389,972,664</u>	<u>491,768,036</u>	<u>27,209,981</u>	<u>7,863,500</u>	<u>6,916,814,181</u>
<u>Accumulated depreciation</u>					
31 December 2003	1,554,909,667	-	18,351,325	6,790,700	1,580,051,692
Depreciation for the year	259,937,845	-	2,423,178	238,399	262,599,422
Depreciation for disposals	-	-	(333,775)	-	(333,775)
31 December 2004	<u>1,814,847,512</u>	<u>-</u>	<u>20,440,728</u>	<u>7,029,099</u>	<u>1,842,317,339</u>
<u>Net book value</u>					
31 December 2003	<u>4,835,062,997</u>	<u>125,697,550</u>	<u>5,038,253</u>	<u>1,072,800</u>	<u>4,966,871,600</u>
31 December 2004	<u>4,575,125,152</u>	<u>491,768,036</u>	<u>6,769,253</u>	<u>834,401</u>	<u>5,074,496,842</u>
<u>Depreciation of property, premises, vessels and equipment for the year</u>					
2003					<u>255,440,300</u>
2004					<u>264,869,993</u>

9. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2004	2003 (Restated)	2004	2003 (Restated)
<u>Loans of the Company:</u>				
1) USD 1.9 million loans (2003: USD 4.8 million) with a maturity period of 10 years, and interest at LIBOR + 2.5% p.a., repayable semi-annually until the year 2008.	72,583	189,192	72,583	189,192
2) Baht 92.6 million loans (2003: USD 4.2 million) with a maturity period of 10 years, and interest at 5.25% p.a. (2003: LIBOR - 3.71 p.a. to + 2.05 p.a.), repayable semi-annually until the year 2008.	92,575	168,392	92,575	168,392
3) USD 1 million with a maturity period of 7 years, and interest at LIBOR + 3% p.a., repayable quarterly until the year 2005.	-	40,397	-	40,397
4) Baht 40.2 million with a maturity period of 7 years, and interest at 5% p.a., Repayable quarterly until the year 2005.	-	40,152	-	40,152
5) Baht 48.6 million with a maturity period of 7 years, interest at 5% p.a., repayable quarterly until the year 2005.	-	48,626	-	48,626
6) USD 1.1 million loan with a maturity period of 7 years, interest at LIBOR + 2.5% p.a., repayable quarterly until the year 2005.	-	45,073	-	45,073
<u>Loans of the Singaporean subsidiaries:</u>				
7) USD 72.2 million loan (2003: USD 82.8 million), repayable quarterly until the year 2009.	2,821,686	3,280,061	-	-
8) USD 38.6 million loan (2003: USD 42.7 million), repayable semi-annually until the year 2009.	1,509,603	1,692,516	-	-
9) USD 5 million loan (2003: USD 9 million), repayable quarterly until the year 2006.	195,543	356,744	-	-
10) USD 4.8 million loan (2003: USD 5.5 million), repayable semi-annually until the year 2011.	187,721	218,010	-	-
11) USD 5 million loan, repayable quarterly until the year 2011.	195,543	-	-	-
12) USD 7.5 million loan, repayable quarterly until the year 2015.	292,493	-	-	-
13) USD 11.4 million loan, repayable quarterly until the year 2015.	444,592	-	-	-
Total	5,812,339	6,079,163	165,158	531,832
Less: Current portion	(1,030,890)	(955,755)	(47,188)	(186,777)
Long-term loans, net of current portion	4,781,449	5,123,408	117,970	345,055

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.

Furthermore, as at 31 December 2004 a subsidiary has period-by-period knock out swap and interest rate swap agreements for loans amounting to USD 60 million (2003: USD 37.5 million), to exchange fixed interest rates to an interest rate of LIBOR per annum.

10. 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 2003, the Company redeemed 0.31 million of the debentures or a total of Baht 310 million. During 2004, the Company repaid all remaining debentures of Baht 690 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.

11. 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 31 December				Pricing policy
	Consolidated		The Company Only		
	2004	2003	2004	2003	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	1,230	948	Cost plus a margin or at price comparable to cost
<u>Transactions with related parties</u>					
Commission expenses	113	87	-	-	A price approximately market price
Terminal operating service	45	52	-	-	A price approximately tariff
Rental expenses	4	3	4	3	Rental agreement

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

(Unit: Million Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
RCL Service SA	-	-	-	448
RCL Feeder Pte Ltd.	-	-	1,766	1,921
<u>Related parties</u>				
Ngow Hock Co., Ltd.	85	40	-	-
Songkhla Shipping Agency Co., Ltd.	24	30	-	-
	<u>109</u>	<u>70</u>	<u>1,766</u>	<u>2,369</u>
<u>Trade accounts payable – related party</u>				
<u>Subsidiary</u>				
RCL Ship Management Pte Ltd.	-	-	17	21
	<u>-</u>	<u>-</u>	<u>17</u>	<u>21</u>

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

Dividends declared in 2004 and 2003 consist of the following: -

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends on 2002 earnings	Annual General Meeting of the Shareholders on 28 March 2003	132.60	0.20
Final dividends on 2003 earnings	Annual General Meeting of the Shareholders on 30 April 2004	298.35	0.45
Interim dividends on 2004 earnings	Board of Directors Meeting on 6 August 2004	298.35	0.45

14. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2004	2003	2004	2003
Number of employees at end of year	1,242	1,137	421	412
Employee costs for the year (Thousand Baht)	1,045,258	871,404	241,932	214,633

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.

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 2004 and 2003 can be divided into BOI promoted activities and non-BOI promoted activities as follows:

(Unit: Baht)

	The Company Only			Total
	For the year ended 31 December 2004			
	Tax Payer Number			
	3101120028	3105114177		
	BOI	NON-BOI	Tax	
	Promoted	Promoted	Exempted	
Revenues				
Freight income	408,035,151	948,600	822,326,422	1,231,310,173
Gain on exchange	-	-	19,231,857	19,231,857
Other income	75,777	4,667,339	-	4,743,116
Share of profit from investments accounted for under equity method - subsidiaries	-	3,314,803,446	-	3,314,803,446
Share of profit from investments accounted for under equity method - associated companies	-	41,633,811	-	41,633,811
Total revenues	408,110,928	3,362,053,196	841,558,279	4,611,722,403
Expenses				
Cost of freight and operations	211,013,410	936,619	372,099,609	584,049,638
Administrative expenses	45,543,478	577,387	97,711,311	143,832,176
Loss on sales of investments	-	44,030,245	-	44,030,245
Loss on exchange	14,706,940	-	-	14,706,940
Interest expenses	38,530,895	-	109,313,900	147,844,795
Total expenses	309,794,723	45,544,251	579,124,820	934,463,794
Net earnings for the year	98,316,205	3,316,508,945	262,433,459	3,677,258,609

(Unit: Baht)

The Company Only				
For the year ended 31 December 2003				
	Tax Payer Number			Total
	3101120028		3105114177	
	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 profit 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	<u>611,891,603</u>	<u>810,911,518</u>	<u>421,666,341</u>	<u>1,844,469,462</u>
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	<u>577,667,353</u>	<u>2,440,568</u>	<u>458,345,397</u>	<u>1,038,453,318</u>
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	<u>34,224,250</u>	<u>793,619,306</u>	<u>(36,679,056)</u>	<u>791,164,500</u>

17.COMMITMENT AND CONTINGENT LIABILITIES

17.1 Commitments

- (a) As at 31 December 2004, the Company had outstanding commitments of approximately Baht 14 million (2003: Baht 14 million) in respect of lease agreements, and a subsidiary company in Singapore had outstanding commitments of approximately Baht 5,207 million (2003: Baht 54 million) in respect of the following agreements.

	(Unit: Million Baht)			
	<u>Rental</u>	<u>Charter hire</u>	<u>Container lease</u>	<u>Total</u>
Payment period				
Within one year	25	2,002	172	2,199
During two to five years	18	1,958	688	2,664
Over five years	-	-	344	344
Total	<u>43</u>	<u>3,960</u>	<u>1,204</u>	<u>5,207</u>

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 both 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.

The Singaporean subsidiaries contribute to the Central Provident Fund which is managed by the Government of Singapore. In addition, the Hong Kong subsidiaries operate provident fund schemes for their employees.

During 2004, the Company's and the subsidiaries' contributions to these funds totaled Baht 43.5 million (2003: Baht 38.9 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 2004 and 2003 are as follows:

(Million Baht)

	Consolidated						
	For the year ended 31 December 2004						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	1,355	19,174	136	154	20,819	(2,886)	17,933
Gross profit	672	4,092	109	122	4,995	63	5,058
Other income							103
Gain on exchange							34
Share of profit from investments							
accounted for under equity method							
- associated companies							42
Administrative expenses							(1,053)
Loss on sale of investment							(44)
Loss on impairment of assets							(58)
Interest expenses							(391)
Corporate income tax							(14)
Net earnings for the year							3,677

(Million Baht)

	Consolidated						
	As at 31 December 2004						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Property, premises, vessels and equipment	5,097	11,021	69	12	16,199	(46)	16,153
Others							4,434
Total assets							20,587

(Million Baht)

	Consolidated (Restated)						
	For the year ended 31 December 2003 and as at 31 December 2003						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	1,064	14,108	113	76	15,361	(2,279)	13,082
Gross profit	377	1,595	92	76	2,140	34	2,174
Other income							120
Gain on sale investments							52
Input tax refund							85
Share of profit from investments							
accounted for under equity method							
- associated companies							41
Administrative expenses							(905)
Loss on exchange							(111)
Loss on impairment of assets							(331)
Interest expenses							(470)
Corporate income tax							(23)
Minority interest							1
Net earnings for the year							633
Property, premises, vessels and equipment	4,992	9,429	66	6	14,493	(51)	14,442
Others							4,463
Total assets							18,905

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.

- (b) As at 31 December 2004, the Company had commitments amounting to USD 48 million, or approximately Baht 1,882 million (2003: 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 86 million, or approximately Baht 3,381 million (2003: USD 53 million, or approximately Baht 2,086 million), in respect of the building of four vessels (2003: two vessels). These amounts are to be paid within 2005.

17.2 Guarantees

As at 31 December 2004, the Company had outstanding guarantees of Baht 15,632 million (2003: Baht 10,508 million) which had been issued to secure long-term credit lines of the overseas subsidiaries from financial institutions.

17.3 Bank Guarantees

As at 31 December 2004, there were outstanding bank guarantees of approximately Baht 2 million (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.

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 264 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 148 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.

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 2004 and 2003, 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.



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	9 months 2004	Yearend 2004
Freight income	3,142.1	6,347.5	9,693.1	13,082.1	3,449.5	7,648.0	12,712.1	17,933.0
Cost of freight and operations (excl. depre	(2,446.5)	(5,000.3)	(7,615.6)	(10,247.1)	(2,636.6)	(5,613.5)	(8,887.7)	(12,082.9)
Gross Profit	695.6	1,347.2	2,077.5	2,835.0	812.9	2,034.5	3,824.4	5,850.1
Gross Profit Margin	22.1%	21.2%	21.4%	21.7%	23.6%	26.6%	30.1%	32.6%
Other income	118.8	165.7	209.0	298.0	31.0	66.1	106.2	145.3
Gain on exchange	0.0	0.0	0.0	0.0	80.6	0.0	18.7	33.7
Total other income	118.8	165.7	209.0	298.0	111.6	66.1	124.9	179.0
Admin expenses	(194.4)	(394.3)	(649.1)	(874.2)	(201.5)	(419.3)	(747.8)	(1,021.4)
Depreciation	(158.5)	(316.7)	(472.0)	(626.7)	(155.9)	(316.9)	(475.4)	(823.2)
Loss on exchange	(101.3)	(175.7)	(142.7)	(11.6)	0.0	(24.4)	0.0	0.0
Loss on sale of investments	0.0	0.0	0.0	0.0	(41.5)	(53.8)	(52.6)	(44.0)
Loss on impairment of fixed assets	0.0	0.0	0.0	(336.8)	0.0	0.0	0.0	(58.0)
Total other expenses	(454.2)	(886.7)	(1,263.8)	(1,849.3)	(398.9)	(814.4)	(1,275.8)	(1,946.6)
Interest expenses	(117.9)	(234.5)	(352.5)	(469.5)	(93.6)	(190.8)	(292.2)	(390.9)
Profit / (loss) before taxation	242.3	391.7	670.2	814.2	432.0	1,095.4	2,381.3	3,691.6
Income tax	(4.1)	(5.3)	(7.3)	(24.3)	(1.4)	(4.0)	(12.2)	(13.9)
Profit / (loss) after taxation	238.2	386.4	662.9	789.9	430.6	1,091.4	2,369.1	3,677.7
Minority interest	0.5	0.6	0.6	1.2	0.8	0.4	0.1	(0.4)
Net profit / (loss) attributable to members	238.7	387.0	663.5	791.1	431.4	1,091.8	2,369.2	3,677.3

COMPUTATION OF EBITDA

Profit / (loss) before taxation	242.3	391.7	670.2	814.2	432.0	1,095.4	2,381.3	3,691.6
Add: Impairment loss	0.0	0.0	0.0	336.8	0.0	0.0	0.0	58.0
Add: Interest	117.9	234.5	352.5	469.5	93.6	190.8	292.2	390.9
EBIT	360.2	626.2	1,022.7	1,620.5	525.6	1,286.2	2,673.5	4,140.5
Add: Amortisation	0.0	0.0	0.0	0.0	0.2	0.5	0.8	1.5
Add: Depreciation	158.5	316.7	472.0	626.7	155.9	316.9	475.4	823.2
EBITDA	518.7	942.9	1,494.7	2,247.2	681.7	1,603.6	3,149.7	4,965.2

21 February 2005

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 2004 and 2003, and the related statements of earnings and retained earnings for the years ended 31 December 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

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 2004 and 2003, 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.

Certain amounts in the financial statements for the year ended 31 December 2003 have been reclassified to conform to the current year classifications, with no effect on previously reported net earnings or shareholders' equity except the effect from the change in accounting policy as described in Note 3.

22. APPROVAL OF FINANCIAL STATEMENTS

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

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

	31 December 2004		31 December 2003	
	Million Baht	Million USD	Million Baht (Restated)	Million USD
ASSETS				
Current assets				
Cash and cash equivalents	2,400.6	61.4	1,927.0	48.6
Short-term investment in available-for-sale securities - Unit trusts	-	-	730.2	18.4
Trade accounts receivable, net	1,363.8	34.9	1,144.9	29.0
Trade accounts receivable - related parties	109.4	2.8	70.0	2.0
Other current assets	360.2	9.2	417.5	10.6
Total current assets	4,234.0	108.3	4,289.6	108.6
Non-current assets				
Property and premises, net	1,952.9	55.0	2,006.4	57.5
Vessels and equipment, net	14,200.2	393.8	12,435.5	348.1
Other non-current assets	199.4	5.7	173.1	5.1
Total non-current assets	16,352.5	454.5	14,615.0	410.7
TOTAL ASSETS	20,586.5	562.8	18,904.6	519.3

See Basis of Preparation

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

	31 December 2004		31 December 2003	
	Million Baht	Million USD	Million Baht	Million USD
			(Restated)	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade accounts payable	1,067.6	27.3	1,192.3	30.3
Current portion of finance lease creditors	58.9	1.5	122.8	3.1
Current portion of long-term loans	1,030.9	26.4	955.8	24.1
Current portion of debentures	-	-	690.0	17.4
Other current liabilities	234.2	6.0	206.4	5.2
Total current liabilities	<u>2,391.6</u>	<u>61.2</u>	<u>3,167.3</u>	<u>80.1</u>
Non-current liabilities				
Finance lease creditors, net of current portion	93.0	2.4	154.0	3.9
Long-term loans, net of current portion	4,781.5	122.3	5,123.4	129.2
Debentures, net of current portion	2,500.0	63.9	2,500.0	63.1
Total non-current liabilities	<u>7,374.5</u>	<u>188.6</u>	<u>7,777.4</u>	<u>196.2</u>
Total liabilities	<u>9,766.1</u>	<u>249.8</u>	<u>10,944.7</u>	<u>276.3</u>
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	1,930.2	(8.5)	2,138.9	(6.1)
Retained earnings				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	5,082.9	185.2	2,002.3	112.5
Unrealised gain on changes in the value of investments	-	-	2.8	0.1
Equity attributable to Company's shareholders	<u>10,815.6</u>	<u>312.9</u>	<u>7,946.5</u>	<u>242.7</u>
Minority interest - equity attributable				
to minority shareholders of subsidiaries	4.8	0.1	13.4	0.3
Total shareholders' equity	<u>10,820.4</u>	<u>313.0</u>	<u>7,959.9</u>	<u>243.0</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>20,586.5</u></u>	<u><u>562.8</u></u>	<u><u>18,904.6</u></u>	<u><u>519.3</u></u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
EARNINGS STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

	2004		2003	
	Million Baht	Million USD	Million Baht (Restated)	Million USD
Revenues				
Freight income	17,933.0	444.9	13,082.1	315.5
Gain on exchange	33.7	-	-	-
Other income	145.3	3.6	297.9	7.2
Total revenues	<u>18,112.0</u>	<u>448.5</u>	<u>13,380.0</u>	<u>322.7</u>
Expenses				
Cost of freight and operations	12,082.9	299.7	10,245.2	247.1
Depreciation	823.2	22.5	692.5	18.9
Administrative expenses	994.2	24.7	854.1	20.6
Loss on sale of investment	44.0	1.1	-	-
Loss on impairment of buildings	58.0	1.7	331.0	9.4
Loss on exchange	-	0.8	110.8	0.6
Directors' remuneration	27.2	0.7	22.0	0.5
Total expenses	<u>14,029.5</u>	<u>351.2</u>	<u>12,255.6</u>	<u>297.1</u>
Earnings before interest and income tax expenses	4,082.5	97.3	1,124.4	25.6
Interest expenses	(390.9)	(9.7)	(469.5)	(11.3)
Corporate income tax	<u>(13.9)</u>	<u>(0.3)</u>	<u>(23.2)</u>	<u>(0.6)</u>
Earnings after income tax	3,677.7	87.3	631.7	13.7
Net loss (earnings) - minority interest	<u>(0.4)</u>	-	<u>0.9</u>	-
Net earnings for the year	<u><u>3,677.3</u></u>	<u><u>87.3</u></u>	<u><u>632.6</u></u>	<u><u>13.7</u></u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

	2004		2003	
	Million Baht	Million USD	Million Baht (Restated)	Million USD
Retained earnings - unappropriated				
Balance - beginning of year, as previously reported	2,002.3	112.5	1,699.6	101.9
Cumulative effect of the change in accounting policy relating to functional currency	<u>-</u>	<u>-</u>	<u>(197.3)</u>	<u>-</u>
Balance - beginning of year	2,002.3	112.5	1,502.3	101.9
Net earnings for the year	3,677.3	87.3	632.6	13.7
Dividend paid	<u>(596.7)</u>	<u>(14.6)</u>	<u>(132.6)</u>	<u>(3.1)</u>
Total retained earnings - unappropriated	<u>5,082.9</u>	<u>185.2</u>	<u>2,002.3</u>	<u>112.5</u>
Retained earnings - appropriated				
Statutory reserve	<u>66.3</u>	<u>1.9</u>	<u>66.3</u>	<u>1.9</u>
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>5,149.2</u></u>	<u><u>187.1</u></u>	<u><u>2,068.6</u></u>	<u><u>114.4</u></u>

See Basis of Preparation

BASIS OF PREPARATION

1. CHANGE IN ACCOUNTING POLICY

During 2004, the Singapore Council on Corporate Disclosure announced a reporting standard on functional currency, whereby companies are required to report on their operating results and financial position in their normal functional currency, effective for financial statements for periods beginning on or after 1 January 2005. The normal functional currency of two subsidiaries in Singapore, RCL Feeder Pte. Ltd. and Regional Container Lines Pte. Ltd., is the US dollar, and these subsidiaries have adopted the above accounting standard prior to the effective date, beginning with the 2004 financial statements, and have both thus changed the currency used for recording accounts from the Singapore dollar to the US dollar. In changing their accounting policy, the subsidiary companies had to restate the financial statements for the year 2003. The change in accounting policy had the effect of decreasing the Thai Baht figures in the consolidated net earnings for the year 2003 by Baht 159 million and the cumulative effect of the accounting change up to beginning of 2003 has been presented under the heading of “Cumulative effect of the change in accounting policy relating to functional currency” in the statements of changes in shareholders’ equity.

2. THAI BAHT FIGURES

The Thai Baht figures in the balance sheets as at 31 December 2004 and 2003 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.

3. USD FIGURES

3.1 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 2004 :USD 1 = Baht 39.1086

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 and equipment:

For the Company and its Thailand subsidiary

USD 1 = Baht 25.5850

For its Singapore subsidiary with normal functional currency in Singapore dollar

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, and equipment, and disposals of equipment.

Any differences have been included in "Translation adjustment".

3.2 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 (except those with normal currency in US Dollar) using the average exchange rates, which were as follows:

31 December 2004 : USD 1 = Baht 40.3118

31 December 2003 : USD 1 = Baht 41.4659