



บริษัท อาร์ ซี แอล จำกัด (มหาชน)

Regional Container Lines Public Company Limited

## PRESS RELEASE

# FINANCIAL RESULTS AS AT 31 MARCH 2007

The world economy continued to grow with a healthy pace in first quarter of 2007. The robust demand in Europe and Middle East had benefited the Group's Shipper Owned Container (SOC) liftings in particular. In Q107, the SOC liftings was up 17% year-on-year at 331,850 TEUs. Last year, there was a surge in our Carrier Owned Container (COC) liftings after the Chinese New Year due to replenishment of inventory as cargo traffic was fairly low in Q405. As regional cargo traffic steadied in second half of 2006, there was no cargo surge after the Chinese New Year this time. Thus, the COC liftings only grew 7% year-on-year at 311,542 TEUs. Overall, total liftings of the Group was up 12% year-on-year at 643,392 TEUs.

Despite a 12% increase in liftings, total turnover for the first quarter before exchange difference was down marginally by 4% at THB4,896 million. There were three factors contributed to this drop in turnover. Firstly, the Group's revenue is US dollar denominated while the reporting currency is in Thai Baht. As US dollar continued to weaken against the regional currency in Q107, Thai Baht had strengthened close to 10% against US dollar year-on-year. The Group's turnover suffered from this translation loss. Secondly, SOC had out-grown COC in this quarter. As SOC revenue was lower than COC, there was an unfavorable freight rate mixed which impacted the average revenue per TEU. Thirdly, rate for Intra-Asia trade had been under pressure since Q405. Although the freight rates steadied since Q406, the rates in Q107 was still marginal lower compared to Q106.

Contrary to the revenue, the strong Thai Baht provided a translation gain to the Cost of Freight and Operation when majority of the Group's US dollar expenses were being translated to Thai Baht. Even with a 12% increase in liftings, the Cost of Freight and Operation in first quarter 2007 was THB3,888 million, a reduction of 2% year-on-year. The bunker price was lower in the first 2 months of this year but picked up again in March. On the average, the bunker cost was lower year-on-year which partially contributed to the savings in Cost of Freight and Operation. Whilst other cost items were in line with the improved liftings and increase in number of vessels under owned operation.

With an improvement in volume being offset by strong Thai Baht, lower freight rate and an unfavorable freight rate mixed, the Group's Net Profit for Q107 had reduced by 21% at THB639.7 million year-on-year. In the first quarter of this year, the Group recorded a Gain on Exchange of THB56.0 million against a Gain on Exchange amount to THB124.4 million in the same quarter last year.

Regional Container Lines Public Company Limited  
11 May 2007

Founded in 1979, RCL is a Thai based container shipping line which was public listed on the Thai Stock Exchange since 1988. Its core business is in the carriage of Shipper owned containers (or SOC) and its own Carrier owned containers (or COC) within a service network that is fully Asia centric. RCL currently owns and operates a fleet of 40 vessels with sizes ranging between 500 TEUs to 2598 TEUs, with a fleet of 72,443 TEUs to support its own COC carriage as well. It also operates a network of 56 offices made up of both owned and agency offices to support its service structure. RCL is today recognized as amongst the leading SOC and Intra Asia COC operators by both peers and customers alike.



# REGIONAL CONTAINER LINES GROUP

## QUARTERLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	1 <sup>st</sup> Quarter 2006	Half-Year 2006	9 months 2006	Year-end 2006	1 <sup>st</sup> Quarter 2007
Freight income	5,016.9	9,999.3	15,162.0	20,156.8	4,821.3
Cost of freight and operations	(3,987.9)	(8,095.2)	(12,480.4)	(16,484.2)	(3,887.4)
<b>Gross Profit</b>	<b>1,029.0</b>	<b>1,904.1</b>	<b>2,681.6</b>	<b>3,672.6</b>	<b>933.9</b>
<b>Gross Profit Margin</b>	<b>20.5%</b>	<b>19.0%</b>	<b>17.7%</b>	<b>18.2%</b>	<b>19.4%</b>
Other income	60.1	116.6	176.3	385.3	75.3
Gain on exchange	124.5	227.9	297.7	471.3	56.0
Reversal of loss on impairment of building	0.0	0.0	0.0	200.5	0.0
Total other income	184.6	344.5	474.0	1,057.1	131.3
Admin expenses	(274.0)	(546.3)	(871.5)	(1,157.3)	(295.0)
Loss on exchange	0.0	0.0	0.0	0.0	0.0
Loss on impairment of fixed assets	0.0	0.0	0.0	0.0	0.0
Total other expenses	(274.0)	(546.3)	(871.5)	(1,157.3)	(295.0)
Interest expenses	(124.5)	(211.9)	(348.3)	(479.4)	(128.0)
Profit / (loss) before taxation	815.1	1,490.4	1,935.8	3,093.0	642.2
Income tax	(1.8)	(5.7)	(12.1)	(19.3)	(3.0)
Profit / (loss) after taxation	813.3	1,484.7	1,923.7	3,073.7	639.2
Minority interest	(1.6)	(1.5)	(1.8)	(1.1)	0.4
<b>Net profit / (loss) attributable to members</b>	<b>811.7</b>	<b>1,483.2</b>	<b>1,921.9</b>	<b>3,072.6</b>	<b>639.6</b>

## COMPUTATION OF EBITDA

Profit / (loss) before taxation	815.1	1,490.4	1,935.8	3,093.0	642.2
Add: Impairment loss	0.0	0.0	0.0	0.0	0.0
Add: Interest	124.5	211.9	348.3	479.4	128.0
<b>EBIT</b>	<b>939.6</b>	<b>1,702.3</b>	<b>2,284.1</b>	<b>3,572.4</b>	<b>770.2</b>
Add: Amortisation	0.7	1.2	1.8	2.5	
Add: Depreciation	290.8	577.6	747.8	1,189.1	296.1
<b>EBITDA</b>	<b>1,231.1</b>	<b>2,281.1</b>	<b>3,033.7</b>	<b>4,764.0</b>	<b>1,066.3</b>

## **Review Report of Independent Auditor**

To the Shareholders of Regional Container Lines Public Company Limited

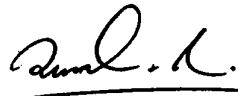
I have reviewed the accompanying consolidated balance sheet of Regional Container Lines Public Company Limited and its subsidiaries as at 31 March 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2007, and the separate financial statements of Regional Container Lines Public Company Limited for the same period. 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 review.

I conducted my review 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 review, 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.

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 2006 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements under her report dated 27 February 2007. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on. The Company has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

The consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2006 of Regional Container Lines Public Company Limited and its subsidiaries and the separate financial statements of Regional Container Lines Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 8 May 2006, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. The Company has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 11 May 2007

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		2,271,660	2,606,333	225,305	315,450
Short-term investments		201,139	206,483	-	-
Trade accounts receivable - unrelated parties		1,786,697	1,608,283	-	-
Less: allowance for doubtful debts		(1,682)	(1,623)	-	-
Trade accounts receivable - unrelated parties, net	3	1,785,015	1,606,660	-	-
Trade accounts receivable - related parties	3, 8	84,525	118,200	1,604,935	1,078,574
Current portion of long-term loan to related company	8	8,754	9,023	-	-
Material supplies		272,515	251,032	24,938	21,497
Other current assets		210,567	226,203	25,985	21,449
<b>Total current assets</b>		<b>4,834,175</b>	<b>5,023,934</b>	<b>1,881,163</b>	<b>1,436,970</b>
<b>Non-current assets</b>					
Property investments held for long-term investment		1,769	1,838	-	-
Investments in subsidiaries	4	-	-	2,219,830	2,219,830
Investments in associated companies	4	211,180	202,092	20,000	20,000
Other long-term investments		30,422	31,357	-	-
Long-term loan to related company, net of current portion	8	11,672	14,287	-	-
Property and premises, net		2,205,046	2,263,710	15,094	15,661
Vessels and equipment, net	5	18,368,199	18,503,061	7,929,939	8,022,585
Other non-current assets		11,405	11,963	1,602	1,285
<b>Total non-current assets</b>		<b>20,839,693</b>	<b>21,028,308</b>	<b>10,186,465</b>	<b>10,279,361</b>
<b>TOTAL ASSETS</b>		<b>25,673,868</b>	<b>26,052,242</b>	<b>12,067,628</b>	<b>11,716,331</b>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Short-term loan from financial institution	6	220,000	-	220,000	-
Trade accounts payable - unrelated parties		2,171,520	2,263,715	3,938	3,749
Trade accounts payable - related parties	8	36,167	21,885	208,952	194,427
Current portion of finance lease creditors		10,405	26,247	-	-
Current portion of long-term loans	7	1,001,551	1,058,198	145,988	150,539
Current portion of debentures		769,200	769,200	769,200	769,200
Corporate income tax payable		8,764	10,409	-	-
Other current liabilities		240,871	261,124	73,666	80,653
<b>Total current liabilities</b>		<b>4,458,478</b>	<b>4,410,778</b>	<b>1,421,744</b>	<b>1,198,568</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	7	5,162,199	5,743,856	1,386,882	1,467,755
Debentures, net of current portion		961,600	1,153,900	961,600	1,153,900
<b>Total non-current liabilities</b>		<b>6,123,799</b>	<b>6,897,756</b>	<b>2,348,482</b>	<b>2,621,655</b>
<b>Total liabilities</b>		<b>10,582,277</b>	<b>11,308,534</b>	<b>3,770,226</b>	<b>3,820,223</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
663,000,000 ordinary shares of Baht 1 each		663,000	663,000	663,000	663,000
Issued and paid-up					
663,000,000 ordinary shares of Baht 1 each		663,000	663,000	663,000	663,000
Share premium		3,073,190	3,073,190	3,073,190	3,073,190
Translation adjustment		689,706	977,755	-	-
Retained earnings					
Appropriated - statutory reserve		66,300	66,300	66,300	66,300
Unappropriated		10,578,609	9,938,991	4,494,912	4,093,618
Equity attributable to Company's shareholders		15,070,805	14,719,236	8,297,402	7,896,108
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		20,786	24,472	-	-
<b>Total shareholders' equity</b>		<b>15,091,591</b>	<b>14,743,708</b>	<b>8,297,402</b>	<b>7,896,108</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>25,673,868</b>	<b>26,052,242</b>	<b>12,067,628</b>	<b>11,716,331</b>

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

DIRECTORS

(UNAUDITED BUT REVIEWED)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	Note	2007	2006	2007	2006
					(Restated)
<b>Revenues</b>					
Freight income		4,821,325	5,016,936	723,335	875,323
Gain on exchange		56,033	124,457	14,221	-
Other income		65,111	53,102	3,213	2,003
Share of income from investment accounted for under equity method - associated companies		10,143	6,995	-	-
<b>Total revenues</b>		<u>4,952,612</u>	<u>5,201,490</u>	<u>740,769</u>	<u>877,326</u>
<b>Expenses</b>					
Cost of freight and operations		3,875,280	3,977,487	243,651	225,656
Administrative expenses	8	307,116	284,382	42,605	36,226
Loss on exchange		-	-	-	1,300
<b>Total expenses</b>		<u>4,182,396</u>	<u>4,261,869</u>	<u>286,256</u>	<u>263,182</u>
<b>Income before interest and income tax expenses</b>		<u>770,216</u>	<u>939,621</u>	<u>454,513</u>	<u>614,144</u>
Interest expenses		(128,002)	(124,479)	(53,219)	(45,754)
Corporate income tax		(3,043)	(1,853)	-	-
<b>Income after income tax</b>		<u>639,171</u>	<u>813,289</u>	<u>401,294</u>	<u>568,390</u>
Net loss (income) attributable to minority interest		447	(1,595)	-	-
<b>Net income</b>		<u>639,618</u>	<u>811,694</u>	<u>401,294</u>	<u>568,390</u>
(Unit: Baht)					
<b>Basic earnings per share</b>					
Net income		<u>0.96</u>	<u>1.22</u>	<u>0.61</u>	<u>0.86</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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements						
	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings	Minority interest of subsidiaries	Total	
				Statutory reserve	Unappropriated		
<b>Balance as at 1 January 2006</b>	663,000	3,073,190	2,319,686	66,300	8,192,395	27,818	14,342,389
Unrealised item in income statement - Translation adjustment	-	-	(576,636)	-	-	-	(576,636)
Net income for the period	-	-	-	-	811,694	-	811,694
Decrease in minority interest	-	-	-	-	-	(3,852)	(3,852)
<b>Balance as at 31 March 2006</b>	<u>663,000</u>	<u>3,073,190</u>	<u>1,743,050</u>	<u>66,300</u>	<u>9,004,089</u>	<u>23,966</u>	<u>14,573,595</u>
<b>Balance as at 1 January 2007</b>	663,000	3,073,190	977,755	66,300	9,938,991	24,472	14,743,708
Unrealised item in income statement - Translation adjustment	-	-	(288,049)	-	-	-	(288,049)
Net income for the period	-	-	-	-	639,618	-	639,618
Decrease in minority interest	-	-	-	-	-	(3,686)	(3,686)
<b>Balance as at 31 March 2007</b>	<u>663,000</u>	<u>3,073,190</u>	<u>689,706</u>	<u>66,300</u>	<u>10,578,609</u>	<u>20,786</u>	<u>15,091,591</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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share premium	Translation adjustment	Statutory reserve	Retained earnings	Total
					Unappropriated	
Balance as at 1 January 2006 - as previously reported	663,000	3,073,190	2,319,686	66,300	8,192,395	14,314,571
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	(2,319,686)	-	(5,144,832)	(7,464,518)
Balance as at 1 January 2006 - as restated	663,000	3,073,190	-	66,300	3,047,563	6,850,053
Net income for the period (restated)	-	-	-	-	568,390	568,390
Balance as at 31 March 2006	663,000	3,073,190	-	66,300	3,615,953	7,418,443
Balance as at 1 January 2007 - as previously reported	663,000	3,073,190	977,755	66,300	9,938,991	14,719,236
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	(977,755)	-	(5,845,373)	(6,823,128)
Balance as at 1 January 2007 - as restated	663,000	3,073,190	-	66,300	4,093,618	7,896,108
Net income for the period	-	-	-	-	401,294	401,294
Balance as at 31 March 2007	663,000	3,073,190	-	66,300	4,494,912	8,297,402

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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from operating activities</b>				
Net income	639,618	811,694	401,294	568,390
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	296,061	290,827	113,958	101,539
Share of income from investment accounted for under equity method - associated companies	(10,143)	(6,995)	-	-
Loss (gain) on sales of investments	1,078	(5,650)	-	-
Gain on sales of fixed assets	(16,391)	(10,854)	-	-
Increase (decrease) in allowance for doubtful debts	59	(172)	-	-
Unrealised exchange gain	(45,871)	(113,030)	(12,332)	(14,802)
Net income (loss) attributable to minority interest	(447)	1,595	-	-
Income from operating activities before changes in operating assets and liabilities	863,964	967,415	502,920	655,127
Operating assets (increase) decrease				
Trade accounts receivable - unrelated parties	(187,728)	256,282	-	-
Trade accounts receivable - related parties	33,675	(24,546)	(563,095)	(415,887)
Material supplies	(21,483)	(74,900)	(3,441)	(2,445)
Other current assets	15,636	35,266	(4,536)	(12,833)
Other non-current assets	558	1,789	(317)	(59)
Operating liabilities increase (decrease)				
Trade accounts payable - unrelated parties	(92,195)	(104,996)	189	4,440
Trade accounts payable - related parties	15,565	2,196	15,801	80,209
Corporate income tax payable	(1,645)	(2,930)	-	-
Other current liabilities	(23,492)	(96,186)	(6,987)	12,051
Net cash provided by (used in) operating activities	602,855	959,390	(59,466)	320,603

\* 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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from investing activities</b>				
Decrease in short-term investments	4,266	10,607	-	-
Decrease in long-term loan to related company	2,884	-	-	-
Decrease (increase) in property, premises, vessels and equipment	(86,144)	387,486	(20,745)	(215,261)
Translation adjustment	(285,990)	(573,212)	-	-
Net cash used in investing activities	<u>(364,984)</u>	<u>(175,119)</u>	<u>(20,745)</u>	<u>(215,261)</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loan from financial institution	220,000	-	220,000	-
Decrease in finance lease creditors	(15,842)	(20,549)	-	-
Decrease in long-term loans	(584,402)	(1,475,593)	(37,634)	(41,177)
Decrease in debenture	(192,300)	-	(192,300)	-
Net cash used in financing activities	<u>(572,544)</u>	<u>(1,496,142)</u>	<u>(9,934)</u>	<u>(41,177)</u>
Net increase (decrease) in cash and cash equivalents	<u>(334,673)</u>	<u>(711,871)</u>	<u>(90,145)</u>	<u>64,165</u>
Cash and cash equivalents at beginning of period	<u>2,606,333</u>	<u>2,696,723</u>	<u>315,450</u>	<u>306,296</u>
Cash and cash equivalents at end of period	<u><u>2,271,660</u></u>	<u><u>1,984,852</u></u>	<u><u>225,305</u></u>	<u><u>370,461</u></u>
<b>Supplemental cash flow information</b>				
Cash paid during the period for				
Interest expenses	146,530	140,912	54,280	30,657
Corporate income tax	1,403	980	-	-
Non-cash transaction				
Transfer of vessels and long-term loan from subsidiary company	-	-	-	1,935,309

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 PERIODS ENDED 31 MARCH 2007 AND 2006

**1. GENERAL INFORMATION**

**1.1 Corporate information**

Regional Container Lines Public Company Limited (“the Company”) 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.

**1.2 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, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for 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.

**1.3 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 2006.

(UNAUDITED BUT REVIEWED)

The consolidated financial statements for the three-month period ended 31 March 2007 include the financial statements of a subsidiary in the People's 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 31 March 2007 amount to Baht 144 million (31 December 2006: Baht 150 million), and total revenues included for the three-month period then ended amount to Baht 22 million (31 March 2006: Baht 25 million).

#### **1.4 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 2006, except for the change in the accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2.

## **2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS**

During the current period, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month periods ended 31 March 2007 and 2006 by Baht 238 million (Baht 0.35 per share) and Baht 243 million (Baht 0.36 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies" in the separate statements of changes in shareholders' equity.

(UNAUDITED BUT REVIEWED)

Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

### 3. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2007	31 December 2006
Under 90 days	1,745,886	1,582,973
91 - 180 days	32,746	20,351
181 - 365 days	7,141	4,959
Over 365 days	924	-
Total	1,786,697	1,608,283
Less: Allowance for doubtful accounts	(1,682)	(1,623)
Net	1,785,015	1,606,660

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Under 90 days	84,525	118,200	713,708	871,441
91 - 180 days	-	-	818,087	207,133
181 - 365 days	-	-	73,140	-
	84,525	118,200	1,604,935	1,078,574

(UNAUDITED BUT REVIEWED)

## 4. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

Separate financial statements in which the cost method is applied

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the Company		Cost Method	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
			Percent	Percent		
<b><u>Investments in subsidiaries</u></b>						
<b><u>Subsidiaries operating in Thailand</u></b>						
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	13
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 5 Million	100	100	5	5
<b><u>Subsidiaries operating in Singapore</u></b>						
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145
d) Regional Container Lines Pte Ltd.	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173
e) RCL Feeder Pte. Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430
f) RCL Service S.A.	USD 10,000	USD 10,000	49	49	2	2
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108
h) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54
<b><u>Subsidiary operating in Hong Kong</u></b>						
i) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	217	217
<b><u>Subsidiary operating in the People's Republic of China</u></b>						
j) Regional Container Lines Shipping Co., Ltd.	USD 1.7 Million	USD 1.7 Million	100	100	73	73
<b>Total investments in subsidiaries</b>					<b>2,220</b>	<b>2,220</b>
<b><u>Investment in associated company</u></b>						
<b><u>Associated company operating in Thailand</u></b>						
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20
<b>Total investment in associated company</b>					<b>20</b>	<b>20</b>

(UNAUDITED BUT REVIEWED)

During the first quarter of the current year, a subsidiary company in Singapore invested an additional Baht 3 million in RCL (Korea) Limited, incorporated in Korea, increasing its investment from 85% of equity to 100% of equity.

Consolidated financial statements in which the equity method is applied

	(Unit: Thousand Baht)	
	31 March 2007	31 December 2006
The Company's investment in associated company	175,559	167,569
The subsidiaries' investments in associated companies	35,621	34,523
Total investments in associated companies accounted for under equity method	211,180	202,092

The accumulated share of the profit of the Company's associated company, as at 31 March 2007, is calculated based on the financial statements of the associated company, which were prepared by the management and unreviewed by that company's auditor.

**5. VESSELS AND EQUIPMENT**

During the first quarter of the current year, a subsidiary in Singapore purchased 3,000 units of containers for USD 7 million, or approximately Baht 253 million.

During the first quarter of the current year, a subsidiary in Singapore made payments for construction of two vessels totalling USD 5 million, or approximately Baht 174 million.

**6. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION**

This represents an unsecured short-term loan from a bank, carrying interest at a rate of 5.4 percent per annum.



(UNAUDITED BUT REVIEWED)

## 7. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Long-term loans	6,163,750	6,802,054	1,532,870	1,618,294
Less: Current portion	(1,001,551)	(1,058,198)	(145,988)	(150,539)
Long-term loans, net of current portion	<u>5,162,199</u>	<u>5,743,856</u>	<u>1,386,882</u>	<u>1,467,755</u>

Movement in the long-term loans during the three-month period ended 31 March 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2007		6,802,054		1,618,294
Less: Repayment		(448,066)		(37,635)
Translation adjustment		(136,337)		-
Unrealised gain on exchange		(53,901)		(47,789)
Balance as at 31 March 2007		<u>6,163,750</u>		<u>1,532,870</u>

During the first quarter of the current year, a subsidiary company in Singapore made early repayment of a bank loan amounting to USD 4 million, or approximately Baht 129 million.

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

## 8. RELATED PARTY TRANSACTIONS

- a) The Group has business dealings with its customers through regional shipping agents (third parties and related companies) of which a substantial part is through its related companies, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Group and those companies.

(UNAUDITED BUT REVIEWED)

- b) In addition to the matter discussed in a), during the periods, the Group had other significant business transactions with its related parties. The transactions are summarised below.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2007	2006	2007	2006	
<b>Transactions with subsidiary</b>					
Charter freight income	-	-	723	875	Market price as at agreement date
<b>Transactions with related parties</b>					
Slot revenues	-	13	-	-	Price approximates market price
Charter freight expenses	10	-	-	-	Price approximates market price
Commission expenses	33	34	-	-	Price approximates market price
Terminal operating service	75	75	-	-	Price per tariff minus volume discount
Logistic service fees	8	5	-	-	Market price

#### Directors' remuneration

During the first quarter of the current year, the Group paid remuneration to their directors totalling Baht 1.6 million (31 March 2006: Baht 1.6 million).

Directors' remuneration represents the benefits paid to the directors in accordance with Section 90 of the Public Limited Companies Act B.E. 2535, exclusive of salaries and related benefits payable to executive directors.

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Trade accounts receivable - related parties				
<b>Subsidiary</b>				
RCL Feeder Pte. Ltd.	-	-	1,605	1,079
<b>Related parties</b>				
Ngow Hock Co., Ltd.	70	103	-	-
Songkhla Shipping Agency Co., Ltd.	7	7	-	-
PT Daerah Indah Shipping	7	6	-	-
Siam Paetra International Co., Ltd.	1	2	-	-
	<u>85</u>	<u>118</u>	<u>1,605</u>	<u>1,079</u>

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<b>Long-term loan to related party</b>				
<b>Related party</b>				
PT Daerah Indah Shipping				
Long-term loan	21	23	-	-
Less: Current portion	(9)	(9)	-	-
Long-term loan, net of current portion	12	14	-	-
<b>Trade accounts payable - related parties</b>				
<b>Subsidiary</b>				
RCL Shipmanagement Pte Ltd.	-	-	209	194
<b>Related parties</b>				
RCL (Vietnam) Co., Ltd.	33	19	-	-
NH Logistics Co., Ltd.	2	2	-	-
Others	1	1	-	-
	36	22	209	194

## 9. FINANCIAL INFORMATION BY SEGMENT

The Group's 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 Group presented by geographical segment are as follows:

(Unit: Million Baht)

	Consolidated financial statements						
	For the three-month period ended 31 March 2007						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Revenues from external customers	39	4,681	79	22	4,821	-	4,821
Inter-segment revenues	724	836	16	27	1,603	(1603)	-
Freight income	763	5,517	95	49	6,424	(1603)	4,821
Segment gross profit	488	396	26	36	946	-	946
Other income							65
Gain on exchange							56
Share of income from investments accounted for under equity method - associated companies							10
Administrative expenses						-	(307)
Interest expenses							(128)
Corporate income tax							(3)
Minority interest							1
Net income for the period							640

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

Consolidated financial statements							
For the three-month period ended 31 March 2006							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Revenues from external customers	34	4,864	93	26	5,017	-	5,017
Inter-segment revenues	875	1,165	19	24	2,083	2,083	-
Freight income	909	6,029	112	50	7,100	(2,083)	5,017
Segment gross profit	656	283	36	31	1,006	33	1,039
Other income							53
Gain on exchange							125
Share of income from investments accounted for under equity method - associated companies							7
Administrative expenses							(284)
Interest expenses							(124)
Corporate income tax							(2)
Minority interest							(2)
Net income for the period							812

## 10. SUBSEQUENT EVENT

On 28 April 2007, the annual general meeting of the Company's shareholders approved the payment of a dividend of Baht 1 per share to shareholders, or a total of Baht 663 million, which will be recorded in the next quarter.

## 11. COMMITMENTS AND CONTINGENT LIABILITIES

### 11.1 Commitments

- (a) As at 31 March 2007, the Company has outstanding commitments of approximately Baht 6 million (31 December 2006: Baht 4 million) in respect of lease agreements, and a subsidiary company in Singapore has outstanding commitments of USD 43 million or approximately Baht 1,511 million (31 December 2006: USD 56 million or approximately Baht 2,021 million) in respect of the following agreements.

	(Unit: Million Baht)			
	Charter hire	Container lease	Other rental	Total
Payment period				
Within 1 year	645	162	26	833
During 2-5 years	16	586	41	643
Over 5 years	-	35	-	35
Total	661	783	67	1,511

(UNAUDITED BUT REVIEWED)

- (b) As at 31 March 2007, a subsidiary company in Singapore has commitments amounting to USD 15 million, or approximately Baht 515 million (31 December 2006: USD 20 million, or approximately Baht 707 million) in respect of the building of two vessels. These amounts are to be paid by 2007.

#### **11.2 Guarantees**

As at 31 March 2007, the Company has outstanding guarantee obligations of USD 362 million and S\$ 6 million, or approximately Baht 12,874 million (31 December 2006: USD 362 million and S\$ 6 million, or approximately Baht 13,274 million). These were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have utilised guarantees totalling USD 132 million, or approximately Baht 4,631 million (31 December 2006: USD 144 million or approximately Baht 5,184 million).

#### **11.3 Bank Guarantees**

As at 31 March 2007, there were outstanding letters of guarantees for a total of approximately Baht 346 million (31 December 2006: Baht 357 million) issued by a bank to meet obligations of a subsidiary company in Singapore in respect of the building of vessels.

#### **11.4 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 246 million. The case is being heard by the court.

In June 2000, the subsidiary was counter-sued by the associated company, claiming compensation of approximately RM 27 million or Baht 275 million, for illegal termination of an agency agreement. The management of subsidiary believes that the ultimate resolution of these legal proceedings is not likely to have a material effect on the results of its operations, or financial position.

(UNAUDITED BUT REVIEWED)

## **12. FINANCIAL INSTRUMENTS**

### **12.1 Interest rate risk**

As at 31 March 2007, a subsidiary in Singapore has entered into a period-by-period knock out swap and interest rate swap agreement covering the notional amount of USD 14.5 million (31 December 2006: USD 15 million), an interest rate of LIBOR is to be swapped for a fixed interest rate, with the notional amount base used for determination of the interest to be amortised at a rate of USD 0.5 million per quarter over the period 2004 to 2014.

### **12.2 Commodity price risk**

As at 31 March 2007, subsidiary companies in Singapore have entered into various contracts to hedge exposure to bunker price fluctuations, covering the period from April 2007 to December 2007 and volumes of 5,000 metric tons to 10,000 metric tons per month (31 December 2006: 2,000 metric tons to 5,000 metric tons per month covering the period from January 2007 to March 2007).

## **13. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 May 2007.



# REGIONAL CONTAINER LINES GROUP

## QUARTERLY EARNING STATEMENTS IN US\$ (million US\$)

	1 <sup>st</sup> Quarter	Half-Year	9 months	Year-end	1 <sup>st</sup> Quarter
	2006	2006	2006	2006	2007
Freight income	128.4	259.5	396.5	533.9	136.1
Cost of freight and operations	(102.5)	(210.8)	(327.4)	(437.9)	(109.9)
<b>Gross Profit</b>	<b>25.9</b>	<b>48.7</b>	<b>69.1</b>	<b>96.0</b>	<b>26.2</b>
<b>Gross Profit Margin</b>	<b>20.2%</b>	<b>18.8%</b>	<b>17.4%</b>	<b>18.0%</b>	<b>19.3%</b>
Other income	1.5	3.0	4.6	10.2	2.1
Gain on exchange	0.7	0.9	1.9	2.8	0.3
Reversal of loss on impairment of building	0.0	0.0	0.0	5.5	0.0
Total other income	2.2	3.9	6.5	18.5	2.4
Admin expenses	(7.0)	(14.2)	(22.8)	(30.6)	(8.3)
Loss on exchange	0.0	0.0	0.0	0.0	0.0
Loss on impairment of fixed assets	0.0	0.0	0.0	0.0	0.0
Total other expenses	(7.0)	(14.2)	(22.8)	(30.6)	(8.3)
Interest expenses	(3.2)	(5.5)	(9.1)	(12.7)	(3.6)
Profit / (loss) before taxation	17.9	32.9	43.7	71.2	16.7
Income tax	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)
Profit / (loss) after taxation	17.8	32.7	43.4	70.7	16.6
Minority interest	0.0	0.0	(0.1)	0.0	0.0
<b>Net profit / (loss) attributable to members</b>	<b>17.8</b>	<b>32.7</b>	<b>43.3</b>	<b>70.7</b>	<b>16.6</b>

### COMPUTATION OF EBITDA

Profit / (loss) before taxation	17.9	32.9	43.7	71.2	16.7
Add: Impairment loss	0.0	0.0	0.0	0.0	0.0
Add: Interest	3.2	5.5	9.1	12.7	3.6
<b>EBIT</b>	<b>21.1</b>	<b>38.4</b>	<b>52.8</b>	<b>83.9</b>	<b>20.3</b>
Add: Amortisation	0.0	0.0	0.0	0.0	0.0
Add: Depreciation	7.9	15.7	23.6	32.8	6.3
<b>EBITDA</b>	<b>29.0</b>	<b>54.1</b>	<b>76.4</b>	<b>116.7</b>	<b>26.6</b>

11 May 2007

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 March 2007 and 31 December 2006, and the related statements of income and retained earnings for the three-month periods ended 31 March 2007 and 2006 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



Sumalee Reewarabandith

Partner



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

	31 March 2007		31 December 2006	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,271.7	64.9	2,606.3	72.2
Short-term investments	201.1	5.7	206.5	5.7
Trade accounts receivable - unrelated parties, net	1,785.0	51.0	1,606.7	44.5
Trade accounts receivable - related parties	84.5	2.4	118.2	3.3
Other current assets	491.8	14.1	486.2	13.5
<b>Total current assets</b>	<u>4,834.1</u>	<u>138.1</u>	<u>5,023.9</u>	<u>139.2</u>
<b>Non-current assets</b>				
Property and premises, net	2,205.0	65.8	2,263.7	65.9
Vessels and equipment, net	18,368.2	525.3	18,503.1	520.3
Other non-current assets	266.6	7.8	261.5	7.6
<b>Total non-current assets</b>	<u>20,839.8</u>	<u>598.9</u>	<u>21,028.3</u>	<u>593.8</u>
<b>TOTAL ASSETS</b>	<u><u>25,673.9</u></u>	<u><u>737.0</u></u>	<u><u>26,052.2</u></u>	<u><u>733.0</u></u>

See Basis of Preparation

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

	31 March 2007		31 December 2006	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Short-term loan from financial institution	220.0	6.3	-	-
Trade accounts payable - unrelated parties	2,171.5	62.0	2,263.7	62.7
Trade accounts payable - related parties	36.2	1.0	21.9	0.6
Current portion of finance lease creditors	10.4	0.3	26.2	0.7
Current portion of long-term loans	1,001.6	28.6	1,058.2	29.3
Current portion of debentures	769.2	22.0	769.2	21.3
Other current liabilities	249.6	7.1	271.5	7.5
<b>Total current liabilities</b>	<b>4,458.5</b>	<b>127.3</b>	<b>4,410.7</b>	<b>122.1</b>
<b>Non-current liabilities</b>				
Long-term loans, net of current portion	5,162.2	147.4	5,743.9	159.0
Debentures, net of current portion	961.6	27.5	1,153.9	32.0
<b>Total non-current liabilities</b>	<b>6,123.8</b>	<b>174.9</b>	<b>6,897.8</b>	<b>191.0</b>
<b>Total liabilities</b>	<b>10,582.3</b>	<b>302.2</b>	<b>11,308.5</b>	<b>313.1</b>
<b>Shareholders' equity</b>				
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	689.7	(15.3)	977.7	(13.7)
Retained earnings				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	10,578.6	313.3	9,939.0	296.7
Equity attributable to Company's shareholders	15,070.8	434.2	14,719.2	419.2
Minority interest - equity attributable				
to minority shareholders of subsidiaries	20.8	0.6	24.5	0.7
<b>Total shareholders' equity</b>	<b>15,091.6</b>	<b>434.8</b>	<b>14,743.7</b>	<b>419.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>25,673.9</b>	<b>737.0</b>	<b>26,052.2</b>	<b>733.0</b>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>Revenues</b>				
Freight income	4,821.3	136.1	5,016.9	128.4
Gain on exchange	56.0	0.3	124.5	0.7
Other income	75.3	2.1	60.1	1.5
<b>Total revenues</b>	<u>4,952.6</u>	<u>138.5</u>	<u>5,201.5</u>	<u>130.6</u>
<b>Expenses</b>				
Cost of freight and operations	3,591.3	101.4	3,697.1	94.6
Depreciation	296.1	8.5	290.8	7.9
Administrative expenses	295.0	8.3	274.0	7.0
<b>Total expenses</b>	<u>4,182.4</u>	<u>118.2</u>	<u>4,261.9</u>	<u>109.5</u>
<b>Income before interest and income tax expenses</b>	<u>770.2</u>	<u>20.3</u>	<u>939.6</u>	<u>21.1</u>
Interest expenses	(128.0)	(3.6)	(124.5)	(3.2)
Corporate income tax	(3.0)	(0.1)	(1.8)	(0.1)
<b>Income after income tax</b>	<u>639.2</u>	<u>16.6</u>	<u>813.3</u>	<u>17.8</u>
Net loss (income) attributable to minority interest	0.4	-	(1.6)	-
<b>Net income for the year</b>	<u><u>639.6</u></u>	<u><u>16.6</u></u>	<u><u>811.7</u></u>	<u><u>17.8</u></u>

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF RETAINED EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	Million	Million	Million	Million
	Baht	USD	Baht	USD
<b>Retained earnings - unappropriated</b>				
Balance - beginning of year	9,939.0	296.7	8,192.4	261.1
Net income for the year	639.6	16.6	811.7	17.8
Total retained earnings - unappropriated	<u>10,578.6</u>	<u>313.3</u>	<u>9,004.1</u>	<u>278.9</u>
<b>Retained earnings - appropriated</b>				
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>10,644.9</u></u>	<u><u>315.2</u></u>	<u><u>9,070.4</u></u>	<u><u>280.8</u></u>

See Basis of Preparation

**BASIS OF PREPARATION**

**1. THAI BAHT FIGURES**

The Thai Baht figures in the balance sheets as at 31 March 2007 and profit and loss accounts for the three-month periods ended 31 March 2007 and 2006 were extracted from the reviewed consolidated financial statements. The Thai Baht figures in the balance sheet as at 31 December 2006 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 (except for two subsidiaries in Singapore, of which the functional reporting currency in USD) using the following exchange rates:

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

As of 31 March 2007 : USD 1 = Baht 35.0160

As of 31 December 2006 : USD 1 = Baht 36.0932

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

**RCL - 11 May 2007**

*For its Singapore subsidiaries with functional currency reporting 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, vessels and equipment, and disposals of 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 (except for the two subsidiaries in Singapore, of which the functional reporting currency in USD) using the average exchange rates, which were as follows:

31 March 2007 : USD 1 = Baht 35.4221  
31 March 2006 : USD 1 = Baht 39.0878