



บริษัท อาร์ ซี แอล จำกัด (มหาชน)

Regional Container Lines Public Company Limited

PRESS RELEASE

FINANCIAL RESULTS AS AT 31 DECEMBER 2006

With improved confidence in USA's and Europe's economy in the second half of 2006, the regional trade had flourished once again, in particular, the traffic between PRC and the rest of the region.

Regional Container Lines enjoyed a record liftings in the fourth quarter of 2006 at 643,600 TEU despite the fourth quarter being traditionally a slack season. The 22% year-on-year improvement in liftings was partially due to strong growth in trade and an adjustment of voyage accounting cut-off in the fourth quarter of 2005, which saw a reduction of 33,385 TEU from its liftings figure. The Group set a new record in liftings for the year 2006 at 2.47 million TEU, which represented a 12% increase as compared to year 2005.

The turnover for the fourth quarter of 2006 before exchange difference and impairment appreciation was only up by 2% to THB 5,132 million, as freight rate suffered due to negative sentiment in tonnage supply. With lower freight rate compared to prior year, total turnover for the year 2006 before exchange difference and impairment appreciation was reduced by 6% at THB20.47 billion.

The Cost of Freight and Operation in the fourth quarter of 2006 increased by 2% to THB 4,005 million. This increase was in line with improved liftings. The total Cost of Freight and Operation for 2006 full year recorded an 8% increase over prior year. As liftings improved while bunker expenses remained high throughout the year, the increase is in line with the operational performance. The interest expenses in the fourth quarter went down marginally by 4% at THB131 million, as the increase in US Dollar interest rate eased since middle of the year.

Resulting from the renewed interest in Singapore office property while Hong Kong office property remained stable in 2006, the Group had provided an impairment appreciation amounting to THB200.5 million for the year.

With improved liftings, stable Cost of Freight and Operation, interest costs and appreciation in the Group's property portfolio, the fourth quarter Net Profit of the Group improved by 60% to THB 1,151 million when compared to the same quarter of last year. While the Group enjoyed record liftings in 2006, the freight rate was under pressure throughout the year due to concern of over supply in tonnage. Consequently, total Net Profit for the Group in 2006 was down by 36% to THB 3,073 million when compared to 2005.

In the fourth quarter of 2006, the regional currency had strengthened further against the U.S. Dollar. The Group recorded an exchange gain of THB 174 million in the fourth quarter compared to an exchange gain of THB 73.4 million in the same quarter last year. In 2006, the full year exchange gain was THB 471.3 million versus a loss on exchange of THB 41.2 million in 2005.

Regional Container Lines Public Company Limited
28 February 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 43 vessels with sizes ranging between 500 TEUs to 2598 TEUs, with a fleet of 70,813 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

YEARLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	Year-end 2006	Year-end 2005	Year-end 2004	Year-end 2003 (Restated)	Year-end 2002
Freight income	20,156.8	21,480.1	17,933.0	13,082.1	12,366.8
Cost of freight and operations	(16,484.2)	(15,256.5)	(12,906.1)	(10,937.7)	(10,218.3)
Gross Profit	3,672.6	6,223.6	5,026.9	2,144.4	2,148.5
Gross Profit Margin	18.2%	29.0%	28.0%	16.4%	17.4%
Other income	385.3	206.3	145.3	297.9	102.0
Gain on exchange	471.3	0.0	33.7	0.0	611.9
Reversal of loss on impairment of building	200.5	47.5	0.0	0.0	0.0
Total other income	1,057.1	253.8	179.0	297.9	713.9
Admin expenses	(1,157.3)	(1,139.5)	(1,021.4)	(876.1)	(797.7)
Loss on exchange	0.0	(41.2)	0.0	(110.8)	0.0
Loss on sale of investments	0.0	0.0	(44.0)	0.0	0.0
Loss on impairment of fixed assets	0.0	0.0	(58.0)	(331.0)	(203.1)
Loss on disposal of vessels	0.0	0.0	0.0	0.0	(48.9)
Total other expenses	(1,157.3)	(1,180.7)	(1,123.4)	(1,317.9)	(1,049.7)
Interest expenses	(479.4)	(475.1)	(390.9)	(469.5)	(581.7)
Profit / (loss) before taxation	3,093.0	4,821.6	3,691.6	654.9	1,231.0
Income tax	(19.3)	(19.8)	(13.9)	(23.2)	(6.4)
Profit / (loss) after taxation	3,073.7	4,801.8	3,677.7	631.7	1,224.6
Minority interest	(1.1)	(1.6)	(0.4)	0.9	2.0
Net profit / (loss) attributable to members	3,072.6	4,800.2	3,677.3	632.6	1,226.6

Computation of EBITDA

Profit / (loss) before taxation	3,093.0	4,821.6	3,691.6	654.9	1,231.0
Add: Impairment loss	0.0	0.0	58.0	331.0	203.1
Add: Interest	479.4	475.1	390.9	469.5	581.7
EBIT	3,572.4	5,296.7	4,140.5	1,455.4	2,015.8
Add: Amortisation	2.5	1.7	1.5	0.0	0.0
Add: Depreciation	1,189.1	1,103.5	823.2	692.5	641.1
EBITDA	4,764.0	6,401.9	4,965.2	2,147.9	2,656.9

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

PLEASE RETURN THIS COPY TO
ERNST & YOUNG
AFTER HAVING
THE BALANCE SHEET SIGNED

I have audited the accompanying consolidated balance sheets of Regional Container Lines Public Company Limited and its subsidiaries as at 31 December 2006 and 2005 and the related statements of income, 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 opinion.

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 2006 and 2005 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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
ASSETS					
Current assets					
Cash and cash equivalents		2,606,332,855	2,696,722,726	315,450,259	306,296,394
Short-term investments		206,483,044	215,192,289	-	-
Trade accounts receivable - unrelated parties		1,608,283,084	1,845,443,644	-	-
Less: allowance for doubtful debts		(1,623,104)	(1,838,057)	-	-
Trade accounts receivable - unrelated parties, net	6	1,606,659,980	1,843,605,587	-	-
Trade accounts receivable - related parties	6, 11	118,200,332	167,715,315	1,078,573,698	760,016,154
Current portion of long-term loan to related company	11	9,023,300	-	-	-
Material supplies		251,031,339	279,528,628	21,496,708	11,150,157
Other current assets		226,202,817	218,455,094	21,449,414	12,479,797
Total current assets		5,023,933,667	5,421,219,639	1,436,970,079	1,089,942,502
Non-current assets					
Property investments held for long-term investment		1,837,748	2,118,960	-	-
Investments accounted for under equity method	7	202,091,785	180,167,011	9,062,958,523	9,699,817,504
Other long-term investments		31,357,323	39,015,344	-	-
Long-term loan to related company, net of current portion	11	14,286,894	-	-	-
Property and premises, net	8	2,263,710,202	2,215,181,016	15,661,310	17,931,882
Vessels and equipment, net	8	18,503,061,187	20,315,848,236	8,022,584,821	6,243,109,423
Other non-current assets		11,963,337	12,948,113	1,284,994	1,516,870
Total non-current assets		21,028,308,476	22,765,278,680	17,102,489,648	15,962,375,679
TOTAL ASSETS		26,052,242,143	28,186,498,319	18,539,459,727	17,052,318,181

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

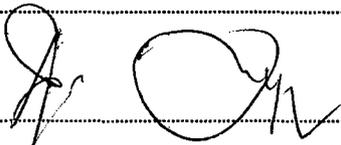
BALANCE SHEETS (Continued)

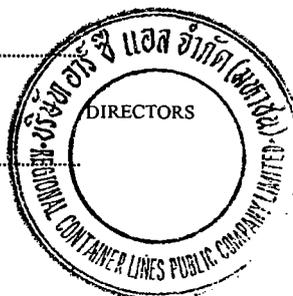
AS AT 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable - unrelated parties		2,263,714,787	2,108,735,924	3,749,236	-
Trade accounts payable - related parties	11	21,885,219	10,902,668	194,426,570	171,749,107
Current portion of finance lease creditors		26,246,559	67,750,650	-	-
Current portion of long-term loans	9	1,058,198,130	1,915,826,849	150,538,974	-
Current portion of debentures	10	769,200,000	576,900,000	769,200,000	576,900,000
Corporate income tax payable		10,409,042	15,583,329	-	-
Other current liabilities		261,124,246	265,973,782	80,653,600	65,997,540
Total current liabilities		4,410,777,983	4,961,673,202	1,198,568,380	814,646,647
Non-current liabilities					
Finance lease creditors, net of current portion		-	29,871,884	-	-
Long-term loans, net of current portion	9	5,743,856,140	6,929,463,428	1,467,754,996	-
Debentures, net of current portion	10	1,153,900,000	1,923,100,000	1,153,900,000	1,923,100,000
Total non-current liabilities		6,897,756,140	8,882,435,312	2,621,654,996	1,923,100,000
Total liabilities		11,308,534,123	13,844,108,514	3,820,223,376	2,737,746,647
Shareholders' equity					
Share capital					
Registered					
663,000,000 ordinary shares of Baht 1 each		663,000,000	663,000,000	663,000,000	663,000,000
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		977,755,209	2,319,686,060	977,755,209	2,319,686,060
Retained earnings					
Appropriated - statutory reserve	12	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated		9,938,990,699	8,192,395,031	9,938,990,699	8,192,395,031
Equity attributable to Company's shareholders		14,719,236,351	14,314,571,534	14,719,236,351	14,314,571,534
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		24,471,669	27,818,271	-	-
Total shareholders' equity		14,743,708,020	14,342,389,805	14,719,236,351	14,314,571,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		26,052,242,143	28,186,498,319	18,539,459,727	17,052,318,181

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


Mr. Sumate Tanthuwani
 Director




Mr. Suwat Tanthuwani
 Director

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
Revenues					
Freight income		20,156,752,858	21,480,148,328	3,575,464,500	3,047,323,565
Gain on exchange		471,252,898	-	79,241,995	-
Gain on sale of fixed assets		113,949,415	16,966,331	-	82,372,123
Gain on sale of investments		14,153,327	15,008,355	-	-
Reversal of loss on impairment of buildings	8	200,545,894	47,486,621	-	-
Other income		230,106,463	138,830,196	9,831,729	5,314,354
Share of income from investments accounted for under equity method - subsidiaries		-	-	691,475,804	2,771,847,272
Share of income from investments accounted for under equity method - associated companies		27,167,224	35,441,326	22,065,706	30,578,481
Total revenues		21,213,928,079	21,733,881,157	4,378,079,734	5,937,435,795
Expenses					
Cost of freight and operations		16,438,621,733	15,218,933,574	904,359,258	826,718,976
Administrative expenses		1,186,263,893	1,138,262,820	165,260,613	155,766,034
Loss on exchange		-	41,190,007	-	14,837,077
Directors' remuneration	15	16,646,209	38,779,747	16,646,209	38,779,747
Total expenses		17,641,531,835	16,437,166,148	1,086,266,080	1,036,101,834
Income before interest and income tax expenses		3,572,396,244	5,296,715,009	3,291,813,654	4,901,333,961
Interest expenses		(479,348,483)	(475,105,665)	(219,217,986)	(101,164,458)
Corporate income tax	16	(19,346,994)	(19,848,402)	-	-
Income after income tax		3,073,700,767	4,801,760,942	3,072,595,668	4,800,169,503
Net income attributable to minority interest		(1,105,099)	(1,591,439)	-	-
Net income		3,072,595,668	4,800,169,503	3,072,595,668	4,800,169,503
Basic earnings per share					
Net income		4.63	7.24	4.63	7.24

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 2006 AND 2005

(Unit: Baht)

		CONSOLIDATED						
	Note	Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings		Minority interest of subsidiaries	Total
					Statutory reserve	Unappropriated		
Balance as at 31 December 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
Unrealised item in income statement -								
Translation adjustment		-	-	389,442,677	-	-	-	389,442,677
Net income for the year 2005		-	-	-	-	4,800,169,503	-	4,800,169,503
Dividend paid	19	-	-	-	-	(1,690,650,000)	-	(1,690,650,000)
Increase in minority interest		-	-	-	-	-	22,968,404	22,968,404
Balance as at 31 December 2005		663,000,000	3,073,190,443	2,319,686,060	66,300,000	8,192,395,031	27,818,271	14,342,389,805
Unrealised item in income statement -								
Translation adjustment		-	-	(1,341,930,851)	-	-	-	(1,341,930,851)
Net income for the year 2006		-	-	-	-	3,072,595,668	-	3,072,595,668
Dividend paid	19	-	-	-	-	(1,326,000,000)	-	(1,326,000,000)
Decrease in minority interest		-	-	-	-	-	(3,346,602)	(3,346,602)
Balance as at 31 December 2006		663,000,000	3,073,190,443	977,755,209	66,300,000	9,938,990,699	24,471,669	14,743,708,020

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 2006 AND 2005

(Unit : Baht)

THE COMPANY ONLY

	Note	Issued and paid-up		Transtation	Retained earnings		Total
		share capital	Share premium	adjustment	Statutory reserve	Unappropriated	
Balance as at 31 December 2004		663,000,000	3,073,190,443	1,930,243,383	66,300,000	5,082,875,528	10,815,609,354
Unrealised item in income statement - translation adjustment		-	-	389,442,677	-	-	389,442,677
Net income for the year 2005		-	-	-	-	4,800,169,503	4,800,169,503
Dividend paid	19	-	-	-	-	(1,690,650,000)	(1,690,650,000)
Balance as at 31 December 2005		663,000,000	3,073,190,443	2,319,686,060	66,300,000	8,192,395,031	14,314,571,534
Unrealised item in income statement - translation adjustment		-	-	(1,341,930,851)	-	-	(1,341,930,851)
Net income for the year 2006		-	-	-	-	3,072,595,668	3,072,595,668
Dividend paid	19	-	-	-	-	(1,326,000,000)	(1,326,000,000)
Balance as at 31 December 2006		663,000,000	3,073,190,443	977,755,209	66,300,000	9,938,990,699	14,719,236,351

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 2006 AND 2005

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income	3,072,595,668	4,800,169,503	3,072,595,668	4,800,169,503
Adjustments to reconcile net income to net cash provided by (used in) operating activities: -				
Depreciation	1,189,139,190	1,103,507,139	449,029,073	354,721,606
Share of income from investments accounted for under equity method - subsidiaries	-	-	(691,475,804)	(2,771,847,272)
Share of income from investments accounted for under equity method - associated companies	(27,167,224)	(35,441,326)	(22,065,706)	(30,578,481)
Reversal of loss on impairment of buildings	(200,545,894)	(47,486,621)	-	-
Gain on sales of investments	(14,153,327)	(15,008,355)	-	-
Gain on sales of fixed assets	(113,949,415)	(16,966,331)	-	(82,372,123)
Decrease in allowance for doubtful debts	(214,953)	(36,508,204)	-	-
Unrealised exchange loss (gain)	(367,655,851)	39,435,872	(138,266,716)	1,360,129
Net income attributable to minority interest	1,105,099	1,591,439	-	-
Income from operating activities before changes in operating assets and liabilities	3,539,153,293	5,793,293,116	2,669,816,515	2,271,453,362
Operating assets (increase) decrease				
Trade accounts receivable - unrelated parties	395,666,611	21,164,196	-	-
Trade accounts receivable - related parties	49,514,983	(58,287,085)	(332,777,348)	1,007,088,638
Material supplies	28,497,289	(106,089,112)	(10,346,551)	(6,494,698)
Other current assets	(7,747,723)	(73,051,630)	(8,969,617)	(2,603,441)
Other non-current assets	984,776	(8,847,574)	231,876	(10,479)
Operating liabilities increase (decrease)				
Trade accounts payable - unrelated parties	154,978,863	553,272,631	3,749,236	-
Trade accounts payable - related parties	11,274,121	8,276,641	22,856,537	152,544,522
Corporate income tax payable	(5,174,287)	7,746,969	-	-
Other current liabilities	(9,301,237)	60,956,562	14,656,060	16,573,310
Net cash flows provided by operating activities	4,157,846,689	6,198,434,714	2,359,216,708	3,438,551,214
Cash flows from investing activities				
Decrease (increase) in short-term investments	22,862,572	(200,183,934)	-	-
Increase in long-term loan to related company	(23,310,194)	-	-	-
Increase in investments in subsidiary and associated companies	(14,051,399)	-	(4,530,360)	(88,672,000)
Dividend received from associated company	13,000,000	18,000,000	13,000,000	18,000,000
Decrease (increase) in property, premises, vessels and equipment	889,613,982	(7,375,578,484)	(290,925,374)	(1,438,691,492)
Translation adjustment	(1,327,697,769)	380,821,465	-	-
Net cash used in investing activities	(439,582,808)	(7,176,940,953)	(282,455,734)	(1,509,363,492)

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 2006 AND 2005

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Cash flows from financing activities				
Decrease in finance lease creditors	(71,375,975)	(54,299,513)	-	-
Increase (decrease) in long-term loans	(1,834,377,777)	3,019,608,536	(164,707,109)	(165,158,429)
Decrease in debentures	(576,900,000)	-	(576,900,000)	-
Dividend paid	(1,326,000,000)	(1,690,650,000)	(1,326,000,000)	(1,690,650,000)
Net cash provided by (used in) financing activities	(3,808,653,752)	1,274,659,023	(2,067,607,109)	(1,855,808,429)
Net increase (decrease) in cash and cash equivalents	(90,389,871)	296,152,784	9,153,865	73,379,293
Cash and cash equivalents at beginning of year	2,696,722,726	2,400,569,942	306,296,394	232,917,101
Cash and cash equivalents at end of year	2,606,332,855	2,696,722,726	315,450,259	306,296,394
Supplemental cash flows information				
Cash paid during the year for				
Interest expenses	527,933,468	439,739,836	201,729,202	104,329,022
Corporate income tax	16,916,021	13,356,925	-	-
Non-cash transaction				
Transfer of vessels and long-term loan from subsidiary company	-	-	1,935,308,525	-

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

1. GENERAL 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. The Company’s registered address is 127/35 Ratchadapisek Road, Chongnonsi, Yannawa and Bangkok.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. BASIS OF CONSOLIDATION

3.1 The consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited 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 Lines Pte. Ltd. and its subsidiary, Regional Container Lines (M) Sdn Bhd (100% owned: The company has ceased its operations)	Ship owning and operating	Singapore	85% owned by the Company and 15% owned by RCL Investment Pte. Ltd.

	<u>Name</u>	<u>Type of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
	<u>Group of subsidiaries operating in Singapore (Continued)</u>			
e)	RCL Feeder Pte. Ltd. and its subsidiaries, RCL Australia Pty Ltd. (100% owned), RCL Agencies (M) Sdn Bhd. (100% owned) RCL Feeder Phils., Inc. (100% owned) and RCL (Korea) Ltd. (85% owned)	Holding company, cargo consolidation and operating	Singapore	98% owned by the Company and 2% owned by Regional Container Line Pte. Ltd.
f)	RCL Services S.A. (The company has ceased its operations)	Ship operating	Panama	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
g)	RCL Holdings Ltd. (The company has ceased its operations)	Ship operating	Singapore	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
h)	RCL Shipmanagement 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. and its subsidiaries, Regional Merchants Maritime Ltd. (80% owned) and Regional Merchants International Freight Forwarding Co., Ltd. (80% owned)	Holding company, shipping agent and the provision of transportation and cargo handling services	Hong Kong	100% owned by the Company
	<u>Subsidiary operating in the People's Republic of China</u>			
j)	Regional Container Lines Shipping Co., Ltd.	Shipping agent and Broker	The People's Republic of China	100% owned by the Company

3.2 The consolidated financial statements for the year ended 31 December 2006 and 2005 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 2006 and 2005 amounted to Baht 150 million and Baht 128 million, respectively, and total revenues for the years then ended amounted to Baht 108 million and Baht 105 million, respectively.

- 3.3** 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.
- 3.4** Material outstanding balances and transactions between the Company and its subsidiaries ("the Group") 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.
- 3.5** No Thai income tax has been accrued for undistributed net income of the overseas subsidiaries, since the net income are intended to be retained by those subsidiaries for long-term reinvestment purposes.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1), 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. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company will adopt the change in 2007. Adoption of the change in 2007 will necessitate the restatement of the Company's 2006 separate financial statements to be presented for comparative purposes along with the financial statements for 2007. The restatement will have the effect of decreasing net income in the separate income statement for 2006 by approximately Baht 701 million and decreasing net worth in the balance sheet at 31 December 2006 by approximately Baht 6,823 million. However, the consolidated financial statements of the Group will not be affected by the change.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue recognition

Freight income is recognised when services have been rendered taking into account the stage of completion.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

5.4 Material supplies

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

5.5 Investments

- (a) Investments in trading securities are determined at fair value. The change in value of securities is included in determining income.
- (b) 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 income.
- (c) Investments debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- (d) Investments in subsidiary and associated companies are stated under the equity method.
- (e) Other long-term investments in non-marketable equity securities are stated at cost.

The weighted average method is used for computation of the cost of investments.

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

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

Property, premises, vessels, and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of fixed assets is calculated by reference to their costs after deducting residual value on the straight-line basis over the following estimated useful lives of assets.

Vessels	25 years
Condominiums and leasehold buildings	20, 50 years
Long-term leasehold land and leasehold improvements	The term of the lease
Other fixed assets	3 - 10 years

No depreciation is provided for land and vessels under construction.

Major repair and maintenance costs of vessels are capitalised when incurred and amortised on a straight-line basis over a period of 30 months.

5.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.8 Foreign currencies

Foreign currency transactions are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities in foreign currencies outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date.

Exchange gains and losses are included in determining income.

5.9 Property investments held for long-term investment

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

5.10 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.11 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

5.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for cargo claims is made based on the estimated amounts that are unrecoverable from insurance companies.

5.13 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

5.14 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.

6. TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable - unrelated parties as at 31 December 2006 and 2005 are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated	
	2006	2005
Under 90 days	1,582,973	1,822,776
91 - 180 days	20,351	15,610
Over 181days	4,959	7,058
Total	1,608,283	1,845,444
Less: Allowance for doubtful debts	(1,623)	(1,838)
Net	<u>1,606,660</u>	<u>1,843,606</u>

The balances of trade accounts receivable - related parties as at 31 December 2006 and 2005 are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Under 90 days	118,200	167,715	871,441	760,016
91 - 180 days	-	-	207,133	-
	<u>118,200</u>	<u>167,715</u>	<u>1,078,574</u>	<u>760,016</u>

7. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

The Company Only

(Unit: Million Baht)

Company's name	Share capital issued and fully paid		Percentage directly owned by the		Investment				
			Company		Cost method		Equity method		
	2006	2005	2006	2005	2006	2005	2006	2005	
				Percent	Percent				
Investments in subsidiaries									
Subsidiaries operating in Thailand									
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	13	1	1	
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 5 Million	100	100	5	5	45	37	
Subsidiaries operating in Singapore									
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(346)	(937)	
d) Regional Container Lines Pte Ltd.	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	7,736	6,334	
e) RCL Feeder Pte. Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	929	3,582	
f) RCL Service S.A.	USD 10,000	USD 10,000	49	49	2	2	39	41	
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	142	149	
h) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	8	8	
Subsidiary operating in Hong Kong									
i) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	217	217	233	229	
Subsidiary operating in the People's Republic of China									
j) Regional Container Lines Shipping Co., Ltd.	USD 1.7 Million	USD 1.6 Million	100	100	73	68	108	97	
Total investments in subsidiaries					2,220	2,215	8,895	9,541	
Investment in associated company									
Associated company operating in Thailand									
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	168	159	
Total investment in associated company					20	20	168	159	
Total investments accounted for under equity method					2,240	2,235	9,063	9,700	

During the year 2006, the Company increased its investment in Regional Container Lines Shipping Company Limited by USD 120,000. Furthermore, a subsidiary company in Singapore invested approximately Baht 14 million in RCL (Korea) Limited, incorporated in Korea, comprising 85% of equity, and approximately Baht 14 million in PT Daerah Indah Shipping, incorporated in Indonesia, comprising 49% of equity.

The accumulated share of the profit of the associated company, as at 31 December 2006, is calculated based on the financial statements of the associated company, which are unaudited by that company's auditor.

Consolidated

	(Unit: Thousand Baht)	
	2006	2005
The Company's investment in associated company	167,569	158,503
The subsidiaries' investment in associated company	34,523	21,664
Total investments accounted for under equity method	<u>202,092</u>	<u>180,167</u>

8. PROPERTY, PREMISES, VESSELS AND EQUIPMENT

PROPERTY AND PREMISES

	(Unit: Baht)					
	Office building in Bangkok	Office buildings in Singapore	Office building in Hong Kong	Improvement of buildings in Singapore	Improvement of building in Hong Kong	Total
Cost						
31 December 2005	45,746,387	4,158,654,085	329,906,910	32,192,974	5,528,770	4,572,029,126
Acquisitions	-	47,074,232	-	9,060,734	-	56,134,966
Write off	-	-	-	(403,962)	-	(403,962)
Translation adjustment	-	(329,481,763)	(40,729,247)	(3,758,277)	(682,564)	(374,651,851)
31 December 2006	<u>45,746,387</u>	<u>3,876,246,554</u>	<u>289,177,663</u>	<u>37,091,469</u>	<u>4,846,206</u>	<u>4,253,108,279</u>
Accumulated depreciation						
31 December 2005	27,814,505	248,797,977	36,067,617	31,551,612	2,487,946	346,719,657
Depreciation for the year	2,270,572	11,151,193	1,151,146	1,519,013	1,014,579	17,106,503
Write off	-	-	-	(157,094)	-	(157,094)
Translation adjustment	-	(25,816,320)	(4,504,231)	(3,572,622)	(352,491)	(34,245,664)
31 December 2006	<u>30,085,077</u>	<u>234,132,850</u>	<u>32,714,532</u>	<u>29,340,909</u>	<u>3,150,034</u>	<u>329,423,402</u>

	(Unit: Baht)					
	Office building in Bangkok	Office buildings in Singapore	Office building in Hong Kong	Improvement of buildings in Singapore	Improvement of building in Hong Kong	Total
Provision for impairment loss						
31 December 2005	-	1,835,036,383	175,092,070	-	-	2,010,128,453
Reversal of impairment loss	-	(179,339,056)	(21,206,838)	-	-	(200,545,894)
Translation adjustment	-	(128,939,224)	(20,668,660)	-	-	(149,607,884)
31 December 2006	-	1,526,758,103	133,216,572	-	-	1,659,974,675
Net book value						
31 December 2005	17,931,882	2,074,819,725	118,747,223	641,362	3,040,824	2,215,181,016
31 December 2006	15,661,310	2,115,355,601	123,246,559	7,750,560	1,696,172	2,263,710,202

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

VESSELS AND EQUIPMENT

Consolidated

	(Unit: Baht)						
	Vessels	Vessels under construction	Major repair and maintenance costs	Containers	Office furniture, fixtures and equipment	Motor vehicles	Total
Cost							
31 December 2005	24,773,275,980	402,570,280	118,480,326	1,679,630,242	195,600,814	45,240,805	27,214,798,447
Acquisitions	-	740,017,600	144,271,353	-	22,348,395	7,192,489	913,829,837
Disposals	(285,866,241)	-	-	(157,145,837)	(4,400,451)	(3,231,383)	(450,643,912)
Write off	-	-	(32,621,942)	-	(807,050)	-	(33,428,992)
Translation adjustment	(1,965,190,207)	(81,447,800)	(13,596,387)	(184,772,456)	(16,650,644)	(3,252,424)	(2,264,909,918)
31 December 2006	22,522,219,532	1,061,140,080	216,533,350	1,337,711,949	196,091,064	45,949,487	25,379,645,462
Accumulated depreciation							
31 December 2005	5,641,473,765	-	34,436,885	1,054,592,731	144,995,485	23,451,345	6,898,950,211
Depreciation for the year	984,043,737	-	53,867,184	105,633,096	22,168,648	6,320,022	1,172,032,687
Depreciation for disposals	(259,249,124)	-	-	(156,935,927)	(3,445,219)	(2,400,326)	(422,030,596)
Depreciation for write off	-	-	(32,621,942)	-	(763,945)	-	(33,385,887)
Translation adjustment	(609,037,375)	-	(1,612,980)	(113,593,994)	(13,345,720)	(1,392,071)	(738,982,140)
31 December 2006	5,757,231,003	-	54,069,147	889,695,906	149,609,249	25,978,970	6,876,584,275
Net book value							
31 December 2005	19,131,802,215	402,570,280	84,043,441	625,037,511	50,605,329	21,789,460	20,315,848,236
31 December 2006	16,764,988,529	1,061,140,080	162,464,203	448,016,043	46,481,815	19,970,517	18,503,061,187

Depreciation of property, premises, vessels and equipment for the year

2005	1,103,507,139
2006	1,189,139,190

Containers with net book values amounting to approximately Baht 144 million as at 31 December 2006 (2005: Baht 201 million) were acquired under finance lease agreements.

At the end of the year 2006 and 2005, the subsidiaries in Singapore and Hong Kong arranged to reappraise the values of their buildings and recorded reversal of impairment loss amounting to Baht 201 million and Baht 47 million, respectively, because of increases in their appraised values. These differences were reflected in the income statement.

The Group has mortgaged most of their vessels to secure credit facilities granted to the Group.

VESSELS AND EQUIPMENT

The Company Only

	(Unit: Baht)				
	Vessels	Major repair and maintenance costs	Office furniture, fixtures and equipment	Motor vehicles	Total
Cost					
31 December 2005	8,193,367,734	-	28,930,231	7,863,500	8,230,161,465
Acquisitions	2,150,161,781	72,147,079	3,969,677	-	2,226,278,537
Disposals	-	-	(1,653,235)	-	(1,653,235)
31 December 2006	<u>10,343,529,515</u>	<u>72,147,079</u>	<u>31,246,673</u>	<u>7,863,500</u>	<u>10,454,786,767</u>
Accumulated depreciation					
31 December 2005	1,956,908,334	-	22,876,209	7,267,499	1,987,052,042
Depreciation for the year	421,422,158	22,243,820	2,854,123	238,400	446,758,501
Depreciation for disposals	-	-	(1,608,597)	-	(1,608,597)
31 December 2006	<u>2,378,330,492</u>	<u>22,243,820</u>	<u>24,121,735</u>	<u>7,505,899</u>	<u>2,432,201,946</u>
Net book value					
31 December 2005	<u>6,236,459,400</u>	<u>-</u>	<u>6,054,022</u>	<u>596,001</u>	<u>6,243,109,423</u>
31 December 2006	<u>7,965,199,023</u>	<u>49,903,259</u>	<u>7,124,938</u>	<u>357,601</u>	<u>8,022,584,821</u>
Depreciation of property, premises, vessels and equipment for the year					
2005					<u>354,721,606</u>
2006					<u>449,029,073</u>

9. LONG-TERM LOANS

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Loans of the Company:				
1) USD 44.7 million loan repayable quarterly until the year 2015.	1,618,294	-	1,618,294	-
Loans of the Singaporean subsidiaries:				
2) USD 51 million loan (2005: USD 61.6 million), repayable quarterly until the year 2009.	1,838,948	2,528,388	-	-
3) USD 24.3 million loan (2005: USD 28.5 million), repayable semi-annually until the year 2009.	877,068	1,168,697	-	-
4) USD 1 million loan repayable quarterly until the year 2006.	-	41,079	-	-
5) USD 3.4 million loan (2005: USD 4.1 million), repayable semi-annually until the year 2011.	122,717	168,422	-	-
6) USD 3.6 million loan (2005: USD 4.3 million), repayable quarterly until the year 2011.	128,904	176,051	-	-
7) USD 41.8 million loan (2005: USD 45.8 million), repayable quarterly until the year 2015.	1,508,696	1,881,400	-	-
8) USD 48.8 million loan repayable quarterly until the year 2015. During 2006, a subsidiary company in Singapore transferred this loan to the Company.	-	2,005,509	-	-
9) USD 21.3 million loan repayable quarterly until the year 2015. During 2006, the subsidiary company made an early repayment.	-	875,744	-	-
10) USD 19.6 million loan repayable quarterly until the year 2017.	707,427	-	-	-
Total	6,802,054	8,845,290	1,618,294	-
Less: Current portion	(1,058,198)	(1,915,827)	(150,539)	-
Long-term loans, net of current portion	5,743,856	6,929,463	1,467,755	-

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

The loans 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.

10. DEBENTURES

In 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 Group has business dealings with their customers through regional shipping agents (third parties and related companies) of which a substantial part is through their 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.
- b) In addition to the matter discussed in a), during the years, the Group had other significant business transactions with its related parties. The transactions are summarised below.

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated		The Company Only		
	2006	2005	2006	2005	
Transactions with subsidiary					
Charter freight income	-	-	3,575	3,047	Market price as at agreement date
Transactions with related parties					
Slot revenues	32	8	-	-	Price approximates market price
Charter freight expenses	18	-	-	-	Price approximates market price
Commission expenses	157	159	-	-	Price approximates market price
Terminal operating service	314	341	-	-	Price per tariff minus volume discount
Logistic service fees	26	29	-	-	Market price

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

	Consolidated		(Unit: Million Baht) The Company Only	
	2006	2005	2006	2005
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	1,079	760
<u>Related parties</u>				
Ngow Hock Co., Ltd.	103	163	-	-
Songkhla Shipping Agency Co., Ltd.	7	5	-	-
PT Daerah Indah Shipping	6	-	-	-
Siam Paetra International Co., Ltd.	2	-	-	-
	<u>118</u>	<u>168</u>	<u>1,079</u>	<u>760</u>
<u>Long-term loan to related party</u>				
<u>Related party</u>				
PT Daerah Indah Shipping				
Long-term loan	23	-	-	-
Less: Current portion	(9)	-	-	-
Long-term loan, net of current portion	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Trade accounts payable - related parties</u>				
<u>Subsidiary</u>				
RCL Shipmanagement Pte Ltd.	-	-	194	172
<u>Related parties</u>				
RCL (Vietnam) Co., Ltd.	19	8	-	-
NH Logistics Co., Ltd.	2	-	-	-
Others	1	3	-	-
	<u>22</u>	<u>11</u>	<u>194</u>	<u>172</u>

During 2006, a subsidiary company in Singapore loaned USD 0.75 million, or approximately Baht 29 million, to an associated company. The loan is repayable in monthly installments within three years, from August 2006 to July 2009, and carries interest at rate of 7 percent per annum.

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. The statutory reserve is not available for dividend payment.

13. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2006	2005	2006	2005
Number of employees at end of year	1,543	1,506	476	450
Employee costs for the year (Million Baht)	1,206	1,244	303	307

14. 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 subsidiary and the People's Republic of China subsidiary operate provident fund schemes for their employees.

During 2006, the Group's contributions to these funds totaled Baht 45 million (2005: Baht 48 million).

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 net income 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 net income.

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 2006 and 2005 can be divided into BOI promoted activities and non-BOI promoted activities as follows:

(Unit: Baht)

The Company Only				
For the year ended 31 December 2006				
Tax Payer Number				
	3101120028	3105114177	Total	
	BOI Promoted	NON-BOI Promoted	Tax Exempted	
Revenues				
Freight income	1,475,569,180	-	2,099,895,320	3,575,464,500
Gain on exchange	111,481,883	-	-	111,481,883
Other income	524,053	9,307,676	-	9,831,729
Share of profit from investments accounted for under equity method - subsidiaries	-	691,475,804	-	691,475,804
Share of profit from investments accounted for under equity method - associated companies	-	22,065,706	-	22,065,706
Total revenues	1,587,575,116	722,849,186	2,099,895,320	4,410,319,622
Expenses				
Cost of freight and operations	348,733,743	-	555,625,515	904,359,258
Administrative expenses	74,516,412	103,213	107,287,197	181,906,822
Loss on exchange	-	-	32,239,888	32,239,888
Interest expenses	109,758,820	-	109,459,166	219,217,986
Total expenses	533,008,975	103,213	804,611,766	1,337,723,954
Net income for the year	1,054,566,141	722,745,973	1,295,283,554	3,072,595,668

(Unit: Baht)

The Company Only				
For the year ended 31 December 2005				
Tax Payer Number				
	3101120028	3105114177	Total	
	BOI Promoted	NON-BOI Promoted	Tax Exempted	
Revenues				
Freight income	1,177,761,304	-	1,869,562,261	3,047,323,565
Gain on exchange	-	-	13,536,531	13,536,531
Other income	516,064	87,170,413	-	87,686,477
Share of profit from investments accounted for under equity method - subsidiaries	-	2,771,847,272	-	2,771,847,272
Share of profit from investments accounted for under equity method - associated companies	-	30,578,481	-	30,578,481
Total revenues	1,178,277,368	2,889,596,166	1,883,098,792	5,950,972,326

(Unit: Baht)

The Company Only			
For the year ended 31 December 2005			
Tax Payer Number			
	3101120028	3105114177	Total
	BOI Promoted	NON-BOI Promoted	Tax Exempted
Expenses			
Cost of freight and operations	286,912,214	-	539,806,762
Administrative expenses	75,071,985	-	119,473,796
Loss on exchange	28,373,608	-	-
Interest expenses	23,757,555	-	77,406,903
Total expenses	414,115,362	-	736,687,461
Net income for the year	764,162,006	2,889,596,166	1,146,411,331
			4,800,169,503

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the year by the number of ordinary shares in issue during the year.

18. 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 as of and for the years ended 31 December 2006 and 2005 are as follows:

(Unit: Million Baht)							
Consolidated							
For the year ended 31 December 2006							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Revenue from external customers	165	19,499	385	108	20,157	-	20,157
Inter-segment revenues	3,576	4,289	74	114	8,053	(8,053)	-
Freight income	3,741	23,788	459	222	28,210	(8,053)	20,157
Segment gross profit	2,703	762	135	118	3,718	-	3,718
Gain on exchange							471
Other income							559
Share of income from investments accounted for under equity method							
- associated companies							27
Administrative expenses							(1,203)
Interest expenses							(479)
Corporate income tax							(19)
Minority interest							(1)
Net income for the year							3,073

(Unit: Million Baht)

	Consolidated						Grand Total
	As at 31 December 2006						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	
Property, premises, vessels and equipment	8,044	12,669	130	13	20,856	(89)	20,767
Others							5,285
Total assets							26,052

(Unit: Million Baht)

	Consolidated						Grand Total
	For the year ended 31 December 2005 and as at 31 December 2005						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	
Revenue from external customers	175	20,977	223	105	21,480	-	21,480
Inter-segment revenues	3,048	4,173	89	122	7,432	(7,432)	-
Freight income	3,223	25,150	312	227	28,912	(7,432)	21,480
Segment gross profit	2,241	3,742	144	147	6,274	(13)	6,261
Other income							219
Share of income from investments accounted for under equity method - associated companies							35
Administrative expenses							(1,177)
Loss on exchange							(41)
Interest expenses							(475)
Corporate income tax							(20)
Minority interest							(2)
Net income for the year							4,800
Property, premises, vessels and equipment	6,264	16,156	127	11	22,558	(111)	22,447
Others							5,739
Total assets							28,186

Transfer prices between business segments are as set out in Note 11 to the financial statements.

19. DIVIDEND

Dividends declared in 2006 and 2005 consist of the following:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividends on 2005 income	Annual General Meeting of the shareholders on 28 April 2006	995	1.50
Interim dividends on 2006 income	Board of Directors' meeting on 10 August 2006	331	0.50
Total dividends paid in 2006		1,326	

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
Dividends on 2004 income	Annual General Meeting of the shareholders on 29 April 2005	1,028	1.55
Interim dividends on 2005 income	Board of Directors' meeting on 8 August 2005	663	1.00
Total dividends paid in 2005		<u>1,691</u>	

20. COMMITMENT AND CONTINGENT LIABILITIES

20.1 Commitments

- (a) As at 31 December 2006, the Company had outstanding commitments of approximately Baht 4 million (2005: Baht 9 million) in respect of lease agreements, and a subsidiary company in Singapore had outstanding commitments of USD 56 million or approximately Baht 2,021 million (2005: USD 102 million or approximately Baht 4,189 million) in respect of the following agreements.

(Unit: Million Baht)

	<u>Charter hire</u>	<u>Container lease</u>	<u>Rental</u>	<u>Total</u>
Payment period				
Within 1 year	1,027	166	28	1,221
During 2 - 5 years	69	618	49	736
Over 5 years	-	64	-	64
Total	<u>1,096</u>	<u>848</u>	<u>77</u>	<u>2,021</u>

- (b) As at 31 December 2006, a subsidiary company in Singapore had the commitments amounting to USD 20 million, or approximately Baht 707 million in respect of the building of two vessels (2005: USD 39 million, or approximately Baht 1,613 million). These amounts are to be paid in 2007.

20.2 Guarantees

As at 31 December 2006, the Company had outstanding guarantees of USD 362 million and S\$ 6 million or approximately Baht 13,274 million (2005: USD 386 million and S\$ 6 million or approximately Baht 16,031 million) which had been issued to secure long-term credit lines of the overseas subsidiaries from financial institutions.

20.3 Bank Guarantees

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

20.4 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 248 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 27 million or Baht 280 million, for illegal termination of an agency agreement. The management of subsidiary believe that the ultimate resolution of these legal proceedings is not likely to have a material effect on the results of its operations, or financial position.

21. FINANCIAL INSTRUMENTS

The Group 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.

21.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, trade accounts payable, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

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.

Interest rate risk

Significant financial assets and liabilities as at 31 December 2006 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

<u>CONSOLIDATED</u>	<u>Fixed interest rates</u>		Floating interest rate	Non- interest bearing	<u>Total</u>	<u>Interest rate (% p.a.)</u>
	<u>Within 1 year</u>	<u>1-5 years</u>				
	(Million Baht)					
<u>Financial Assets</u>						
Cash and cash equivalent	2,043	-	546	17	2,606	0.25 - 5.25% p.a.
Long term loans to related company	9	14	-	-	23	7% p.a.
	<u>2,052</u>	<u>14</u>	<u>546</u>	<u>17</u>	<u>2,629</u>	
<u>Financial liabilities</u>						
Finance lease creditors	-	-	26	-	26	9.08 - 11.69% p.a.
Long-term loans	-	-	6,802	-	6,802	Based on LIBOR and SIBOR
Debentures	-	-	1,923	-	1,923	MLR - 1.75 p.a.
	<u>-</u>	<u>-</u>	<u>8,751</u>	<u>-</u>	<u>8,751</u>	

<u>THE COMPANY</u>	Fixed interest rates within 1 year	Floating interest rate	Total	Interest rate
	(Million Baht)			(% p.a.)
<u>Financial Assets</u>				
Cash and cash equivalent	313	2	315	4.68 - 4.93 % p.a.
	<u>313</u>	<u>2</u>	<u>315</u>	
<u>Financial liabilities</u>				
Long-term loans	-	1,618	1,618	Based on LIBOR and SIBOR
Debentures	-	1,923	1,923	MLR - 1.75 p.a.
	<u>-</u>	<u>3,541</u>	<u>3,541</u>	

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.

As at 31 December 2006, 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 15 million (2005: USD 61.5 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.

As at 31 December 2005, the Company had two interest rate swap agreements totaling to USD 44.5 million. During 2006, the agreements were terminated.

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 2006 and 2005, 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.

As at 31 December 2005, a subsidiary company in Singapore has entered into two forward foreign exchange contracts in order to hedge foreign currency risk. Under the contracts, the subsidiary company is committed to purchase Baht 242 million at rates of Baht 41.74 and Baht 41.80 per USD 1. The contracts have a term of less than one year.

Commodity price risk

As at 31 December 2006, a subsidiary company in Singapore has entered into various contracts to hedge exposure to bunker price fluctuations, covering the period from January 2007 to March 2007 and volumes of 2,000 metric tons to 5,000 metric tons per month (2005: 5,000 metric tons per month covering the period from November 2005 to March 2006).

21.2 Fair value

Other than the long-term loans, which carry interest at rates which closely approximate market interest rates, the majority of financial assets and liabilities are short-term, and their carrying values do not materially differ from their fair values.

22. RECLASSIFICATION OF ACCOUNTS

Certain amounts in the financial statements for the year ended 31 December 2005 have been reclassified to conform to the current year classifications, with no effect on previously reported net income or shareholders' equity.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company on 27 February 2007.