



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

PRESS RELEASE

FINANCIAL RESULTS AS AT 31 DECEMBER 2005

As the regional trade continued to enjoy the increasing outsourcing activities particularly in PRC, Regional Container Lines' fourth quarter 2005 normalized liftings at 561,860 TEU had recorded another 5% increase. This figure was prior to adjustment of voyage accounting cut-off and after averaging the fourth quarter 2005 liftings from 14 weeks to 13 weeks.

With further expansion into more service routes calling at multiple ports in the fourth quarter of 2005, the Group had adopted a more stringent voyage accounting cut-off in order to be more in line with the current development. The revised voyage accounting cut-off removed all revenue and variable cost for un-discharged cargoes and included all vessels' fixed cost in respect of completed sectors, even though the voyages were not completed. Based on the revised voyage accounting cut-off, the fourth quarter 2005 liftings was thus revised to 528,275 TEU, thereby lowering the fourth quarter liftings (14 weeks) record by 8%.

Due to the reduction of liftings as mentioned above, the turnover for the fourth quarter 2005 before exchange difference and impairment appreciation was down by 6% to THB 5,015 million. However, total revenue per TEU rose by 2% when compared to the same quarter last year.

Despite the reduction in liftings, the Cost of Freight and Operation in fourth quarter of 2005 had increased by 11% to THB 3,921 million. This increase was mainly due to the escalating bunker expenses as a result of tight and uncertain bunker supply. The recognition of the completed sectors vessels' fixed cost at the end of the financial closing also contributed to the increase cost. The interest expenses in fourth quarter went up by 37% at THB135.9 million as US Dollar interest rate had increased 8 times since beginning of 2005.

Having noted Hong Kong's office property recovered while Singapore's remained flat in 2005, the Group had provided an impairment appreciation amounting to THB 47.5 million for the year.

With a reduction in liftings, higher bunker and interest costs, the fourth quarter Net Profit of the Group reduced by 46% to THB 721 million when compared to the same quarter last year.

On the whole, 2005 was by far the best year ever for Regional Container Lines. The Group had registered a record liftings of 2.2 million TEU in the year, representing a 5% increase year-on-year. The Turnover for the Group was up 20% to THB 21.69 billion year-on-year, while Cost of Freight and Operation only went up 18% to THB15.22 billion. With revenue growth outpacing the cost in 2005, the Net profit for the Group had increased 31% to THB 4.8 billion.

In the fourth quarter of 2005, the regional currency had strengthened against U.S. Dollar, resulting in the Group having recorded an exchange gain of THB 73.4 million in fourth quarter as compared to a loss on exchange of THB 27 million in the same quarter last year. In 2005, the full year loss on exchange was THB 41.2 million versus a gain on exchange of THB 33.7 million in 2004.

Regional Container Lines Public Company Limited
February 28, 2006



REGIONAL CONTAINER LINES GROUP

YEARLY EARNING STATEMENTS IN THAI BAHT

(million baht)

	Year-end 2005	Year-end 2004	Year-end 2003 <i>(Restated)</i>	Year-end 2002	Year-end 2001
Freight income	21,480.1	17,933.0	13,082.1	12,366.8	13,415.7
Cost of freight and operations	(15,256.5)	(12,906.1)	(10,937.7)	(10,218.3)	(10,982.0)
Gross Profit	6,223.6	5,026.9	2,144.4	2,148.5	2,433.7
<i>Gross Profit Margin</i>	<i>29.0%</i>	<i>28.0%</i>	<i>16.4%</i>	<i>17.4%</i>	<i>18.1%</i>
Other income	191.3	145.3	297.9	102.0	107.9
Gain on exchange	0.0	33.7	0.0	611.9	0.0
Gain on sale of investments	15.0	0.0	0.0	0.0	0.0
Reversal of loss on impairment of building	47.5	0.0	0.0	0.0	0.0
Total other income	253.8	179.0	297.9	713.9	107.9
Admin expenses	(1,139.5)	(1,021.4)	(876.1)	(797.7)	(826.9)
Loss on exchange	(41.2)	0.0	(110.8)	0.0	(804.4)
Loss on sale of investments	0.0	(44.0)	0.0	0.0	0.0
Loss on impairment of fixed assets	0.0	(58.0)	(331.0)	(203.1)	(383.3)
Loss on disposal of vessels	0.0	0.0	0.0	(48.9)	0.0
Total other expenses	(1,180.7)	(1,123.4)	(1,317.9)	(1,049.7)	(2,014.6)
Interest expenses	(475.1)	(390.9)	(469.5)	(581.7)	(819.0)
Profit / (loss) before taxation	4,821.6	3,691.6	654.9	1,231.0	(292.0)
Income tax	(19.8)	(13.9)	(23.2)	(6.4)	(8.6)
Profit / (loss) after taxation	4,801.8	3,677.7	631.7	1,224.6	(300.6)
Minority interest	(1.6)	(0.4)	0.9	2.0	3.0
Net profit / (loss) attributable to members	4,800.2	3,677.3	632.6	1,226.6	(297.6)

Computation of EBITDA

<i>Profit / (loss) before taxation</i>	<i>4,821.6</i>	<i>3,691.6</i>	<i>654.9</i>	<i>1,231.0</i>	<i>(292.0)</i>
<i>Add: Impairment loss</i>	<i>0.0</i>	<i>58.0</i>	<i>331.0</i>	<i>203.1</i>	<i>383.3</i>
<i>Add: Interest</i>	<i>475.1</i>	<i>390.9</i>	<i>469.5</i>	<i>581.7</i>	<i>819.0</i>
EBIT	5,296.7	4,140.5	1,455.4	2,015.8	910.3
<i>Add: Amortisation</i>	<i>1.7</i>	<i>1.5</i>	<i>0.0</i>	<i>0.0</i>	<i>15.2</i>
<i>Add: Depreciation</i>	<i>1,066.9</i>	<i>823.2</i>	<i>692.5</i>	<i>641.1</i>	<i>756.7</i>
EBITDA	6,365.3	4,965.2	2,147.9	2,656.9	1,682.2

Report of Independent Auditor

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

I have audited the consolidated balance sheets of Regional Container Lines Public Company Limited and its subsidiaries as at 31 December 2005 and 2004 and the related statements of earnings, changes in shareholders' equity, and cash flows for the years then ended, and the separate financial statements of Regional Container Lines Public Company Limited. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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 2005 and 2004 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 2005 AND 2004

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
ASSETS					
Current assets					
Cash and cash equivalents		2,696,722,726	2,400,569,942	306,296,394	232,917,101
Short-term investments		215,192,289	-	-	-
Trade accounts receivable		1,845,443,644	1,890,630,107	-	-
Less: allowance for doubtful debts		(1,838,057)	(38,346,261)	-	-
Trade accounts receivable, net	5	1,843,605,587	1,852,283,846	-	-
Trade accounts receivable - related parties	5,10	167,715,315	109,428,230	760,016,154	1,766,298,812
Material supplies		279,528,628	173,439,516	11,150,157	4,655,459
Other current assets		302,498,535	186,769,647	12,479,797	9,876,356
Total current assets		5,505,263,080	4,722,491,181	1,089,942,502	2,013,747,728
Non-current assets					
Property investments held for long-term investment		2,118,960	2,011,520	-	-
Investments accounted for under equity method	6	180,167,011	156,092,101	9,699,817,504	6,437,277,076
Other long-term investments		39,015,344	37,135,156	-	-
Property and premises, net	7	2,215,181,016	1,952,937,286	17,931,882	20,202,454
Vessels and equipment, net	7	20,231,804,795	14,200,201,486	6,243,109,423	5,074,496,842
Other non-current assets		12,948,113	4,130,151	1,516,870	1,536,003
Total non-current assets		22,681,235,239	16,352,507,700	15,962,375,679	11,533,512,375
TOTAL ASSETS		28,186,498,319	21,074,998,881	17,052,318,181	13,547,260,103

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

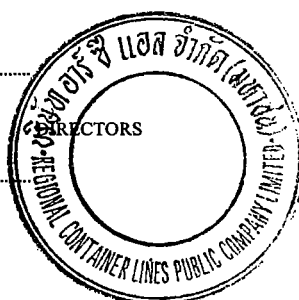
BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		2,111,361,951	1,556,048,178	-	-
Trade accounts payable - related parties	10	8,276,641	-	171,749,107	17,068,088
Current portion of finance lease creditors		67,750,650	58,942,781	-	-
Current portion of long-term loans	8	1,915,826,849	1,030,889,991	-	47,188,123
Current portion of debentures	9	576,900,000	-	576,900,000	-
Corporate income tax payable		15,583,329	7,836,360	-	-
Other current liabilities		265,973,782	226,394,185	65,997,540	49,424,232
Total current liabilities		4,961,673,202	2,880,111,495	814,646,647	113,680,443
Non-current liabilities					
Finance lease creditors, net of current portion		29,871,884	92,979,266	-	-
Long-term loans, net of current portion	8	6,929,463,428	4,781,448,899	-	117,970,306
Debentures, net of current portion	9	1,923,100,000	2,500,000,000	1,923,100,000	2,500,000,000
Total non-current liabilities		8,882,435,312	7,374,428,165	1,923,100,000	2,617,970,306
Total liabilities		13,844,108,514	10,254,539,660	2,737,746,647	2,731,650,749
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		2,319,686,060	1,930,243,383	2,319,686,060	1,930,243,383
Retained earnings					
Appropriated - statutory reserve	11	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated		8,192,395,031	5,082,875,528	8,192,395,031	5,082,875,528
Equity attributable to Company's shareholders		14,314,571,534	10,815,609,354	14,314,571,534	10,815,609,354
Minority interest - equity attributable to					
minority shareholders' of subsidiaries		27,818,271	4,849,867	-	-
Total shareholders' equity		14,342,389,805	10,820,459,221	14,314,571,534	10,815,609,354
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,186,498,319	21,074,998,881	17,052,318,181	13,547,260,103

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



REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
Revenues					
Freight income		21,480,148,328	17,933,041,370	3,047,323,565	1,231,310,173
Gain on exchange		-	33,674,543	-	4,524,917
Gain on sale of fixed assets		16,966,331	10,671,351	82,372,123	-
Gain on sale of investments		15,008,355	-	-	-
Reversal of loss on impairment of buildings	7	47,486,621	-	-	-
Other income		138,830,196	93,008,564	5,314,354	4,743,116
Share of profit from investments accounted for under equity method - subsidiaries		-	-	2,771,847,272	3,314,803,446
Share of profit from investments accounted for under equity method - associated companies		35,441,326	41,633,811	30,578,481	41,633,811
Total revenues		21,733,881,157	18,112,029,639	5,937,435,795	4,597,015,463
Expenses					
Cost of freight and operations		15,218,933,574	12,875,438,352	826,718,976	584,049,638
Administrative expenses		1,138,262,820	1,024,820,121	155,766,034	137,782,176
Loss on sale of investments		-	44,030,245	-	44,030,245
Loss on impairment of buildings	7	-	58,024,201	-	-
Loss on exchange		41,190,007	-	14,837,077	-
Directors' remuneration	14	38,779,747	27,216,511	38,779,747	6,050,000
Total expenses		16,437,166,148	14,029,529,430	1,036,101,834	771,912,059
Earnings before interest and income tax expenses		5,296,715,009	4,082,500,209	4,901,333,961	3,825,103,404
Interest expenses		(475,105,665)	(390,940,325)	(101,164,458)	(147,844,795)
Corporate income tax	15	(19,848,402)	(13,950,739)	-	-
Earnings after income tax		4,801,760,942	3,677,609,145	4,800,169,503	3,677,258,609
Net earnings - minority interest		(1,591,439)	(350,536)	-	-
Net earnings		4,800,169,503	3,677,258,609	4,800,169,503	3,677,258,609
Basic earnings per share					
Net earnings		7.24	5.55	7.24	5.55

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 2005 AND 2004

(Unit: Baht)

	Note	Issued and paid-up				Retained earnings		Unrealised gain on		
		share capital	Share premium	Translation adjustment	Statutory reserve	Unappropriated	changes in the value of investments	Minority interest of subsidiaries	Total	
Balance - beginning of the year 2004		663,000,000	3,073,190,443	2,138,920,233	66,300,000	2,002,316,919	2,846,730	13,367,143	7,959,941,468	
Translation adjustment		-	-	(208,676,850)	-	-	-	-	(208,676,850)	
Net earnings for the year 2004		-	-	-	-	3,677,258,609	-	-	3,677,258,609	
Dividend paid	12	-	-	-	-	(596,700,000)	-	-	(596,700,000)	
Sales of investments		-	-	-	-	-	(2,846,730)	-	(2,846,730)	
Decrease in minority interest		-	-	-	-	-	-	(8,517,276)	(8,517,276)	
Balance - end of the year 2004		663,000,000	3,073,190,443	1,930,243,383	66,300,000	5,082,875,528	-	4,849,867	10,820,459,221	
Translation adjustment		-	-	389,442,677	-	-	-	-	389,442,677	
Net earnings for the year 2005		-	-	-	-	4,800,169,503	-	-	4,800,169,503	
Dividend paid	12	-	-	-	-	(1,690,650,000)	-	-	(1,690,650,000)	
Increase in minority interest		-	-	-	-	-	-	22,968,404	22,968,404	
Balance - end of the year 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	

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 2005 AND 2004

(Unit : Baht)

	Note	THE COMPANY ONLY					Unrealised gain on changes in the value of investments	Total
		Issued and paid-up share capital	Share premium	Translation adjustment	Retained earnings	Unappropriated		
Balance - beginning of the year 2004		663,000,000	3,073,190,443	2,138,920,233	66,300,000	2,002,316,919	2,846,730	7,946,574,325
Translation adjustment		-	-	(208,676,850)	-	-	-	(208,676,850)
Net earnings for the year 2004		-	-	-	-	3,677,258,609	-	3,677,258,609
Dividend paid	12	-	-	-	-	(596,700,000)	-	(596,700,000)
Sales of investments		-	-	-	-	-	(2,846,730)	(2,846,730)
Balance - end of the year 2004		663,000,000	3,073,190,443	1,930,243,383	66,300,000	5,082,875,528	-	10,815,609,354
Translation adjustment		-	-	389,442,677	-	-	-	389,442,677
Net earnings for the year 2005		-	-	-	-	4,800,169,503	-	4,800,169,503
Dividend paid	12	-	-	-	-	(1,690,650,000)	-	(1,690,650,000)
Balance - end of the year 2005		663,000,000	3,073,190,443	2,319,686,060	66,300,000	8,192,395,031	-	14,314,571,534

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 2005 AND 2004

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Cash flows from operating activities				
Net earnings	4,800,169,503	3,677,258,609	4,800,169,503	3,677,258,609
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: -				
Depreciation	1,066,878,643	823,237,081	354,721,606	264,869,993
Share of profit from investments accounted for under equity method - subsidiaries	-	-	(2,771,847,272)	(3,314,803,446)
Share of profit from investments accounted for under equity method - associated companies	(35,441,326)	(41,633,811)	(30,578,481)	(41,633,811)
Loss on impairment of buildings (Reversal)	(47,486,621)	58,024,201	-	-
Loss (gain) on sale of investments	(15,008,355)	44,030,245	-	44,030,245
Gain on sale of fixed assets	(16,966,331)	(10,671,351)	(82,372,123)	-
Decrease in allowance for doubtful debts	(36,508,204)	(25,894,458)	-	-
Unrealised exchange loss (gain)	39,435,872	(85,205,525)	1,360,129	43,606,229
Minority interest	1,591,439	350,536	-	-
	<u>5,756,664,620</u>	<u>4,439,495,527</u>	<u>2,271,453,362</u>	<u>673,327,819</u>
Operating assets (increase) decrease				
Trade accounts receivable	21,164,196	(681,525,202)	-	-
Trade accounts receivable - related parties	(58,287,085)	1,406,730	1,007,088,638	558,336,647
Material supplies	(106,089,112)	(47,705,581)	(6,494,698)	761,219
Other current assets	(115,728,888)	105,049,484	(2,603,441)	3,633,715
Other non-current assets	(8,847,574)	(390,249)	(10,479)	(65,426)
Operating liabilities increase (decrease)				
Trade accounts payable	533,272,631	363,720,872	-	-
Trade accounts payable - related parties	8,276,641	-	152,544,522	(3,916,448)
Corporate income tax payable	7,746,969	(12,458,176)	-	(13,661,996)
Other current liabilities	60,956,562	31,392,181	16,573,310	4,207,968
Net cash flows provided by operating activities	<u>6,099,128,960</u>	<u>4,198,985,586</u>	<u>3,438,551,214</u>	<u>1,222,623,498</u>
Cash flows from investing activities				
Decrease in short-term investments in available for sale securities - Unit trusts	-	683,311,947	-	683,311,947
Increase in short-term investments	(200,183,934)	-	-	-
Increase in property, premises, vessels and equipment	(7,296,272,730)	(2,581,857,980)	(1,438,691,492)	(370,224,664)
Increase in investments accounted for under equity method	-	-	(88,672,000)	-
Dividend received from associated company	18,000,000	15,000,000	18,000,000	15,000,000
Translation adjustment	380,821,465	(207,999,905)	-	-
Net cash provided by (used in) investing activities	<u>(7,097,635,199)</u>	<u>(2,091,545,938)</u>	<u>(1,509,363,492)</u>	<u>328,087,283</u>

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Cash flows from financing activities				
Decrease in finance lease creditors	(54,299,513)	(124,819,612)	-	-
Increase (decrease) in long-term loans	3,019,608,536	(222,354,908)	(165,158,429)	(365,682,687)
Decrease in debentures	-	(690,000,000)	-	(690,000,000)
Dividend paid	(1,690,650,000)	(596,700,000)	(1,690,650,000)	(596,700,000)
Net cash provided by (used in) financing activities	1,274,659,023	(1,633,874,520)	(1,855,808,429)	(1,652,382,687)
Net increase (decrease) in cash and cash equivalents	296,152,784	473,565,128	73,379,293	(101,671,906)
Cash and cash equivalents at beginning of year	2,400,569,942	1,927,004,814	232,917,101	334,589,007
Cash and cash equivalents at end of year	2,696,722,726	2,400,569,942	306,296,394	232,917,101
Supplemental cash flows information				
Cash paid during the year for				
Interest expenses	439,739,836	330,842,771	104,329,022	175,745,012
Corporate income tax	13,356,925	22,424,985	-	13,661,996

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

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 -- NOTES TO FINANCIAL STATEMENTS
 31 DECEMBER 2005 AND 2004

1. GENERAL INFORMATION

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

2. BASIS OF CONSOLIDATION

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

	<u>Name</u>	<u>Type of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
	<u>Subsidiaries operating in Thailand</u>			
a)	Asian Bulk Shipping Co., Ltd.	Ship operating	Thailand	51% owned by the Company
b)	RCL Logistics Co., Ltd.	Logistics services	Thailand	100% owned by the Company
	<u>Group of subsidiaries operating in Singapore</u>			
c)	RCL Investment Pte. Ltd.	Holding company	Singapore	100% owned by the Company
d)	Regional Container Lines Pte. Ltd. and its subsidiary, Regional Container Lines (M) Sdn Bhd (100% owned)	Ship owning and operating	Singapore	85% owned by the Company and 15% owned by RCL Investment Pte. Ltd.
e)	RCL Feeder Pte Ltd. and its subsidiaries, RCL Australia Pty Ltd. (69% owned), RCL Agencies (M) Sdn Bhd. (100% owned) RCL Feeder Phils., Inc. (100% owned) and RCL Cambodia Co., Ltd. (100% owned: The Company deregistered on 10 October 2005)	Cargo consolidation and operating	Singapore	98% owned by the Company and 2% owned by Regional Container Line Pte. Ltd.
f)	RCL Services SA (The company has ceased its operations)	Ship operating	Panama	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
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 Ship Management Pte. Ltd.	Ship management	Singapore	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company

<u>Name</u>	<u>Type of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
<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), Regional Merchants International Freight Forwarding Co., Ltd. (80% owned), Euro-Asia Line (H.K.) Ltd. (100% owned: The company deregistered on 27 February 2004), Regional Freighters Ltd. (100% owned: The company deregistered on 2 January 2004) and RCL (Xiamen) Ltd. (75% owned: The company deregistered on 27 February 2004)	Holding company, shipping agent and Broker	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

2.2 The consolidated financial statements for the year ended 31 December 2005 and 2004 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 2005 and 2004 amounted to Baht 128 million and Baht 106 million, respectively, and total revenues for the years then ended amounted to Baht 105 million and Baht 57 million, respectively.

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

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

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

3. CHANGE IN ACCOUNTING ESTIMATION

In 2004, the Group changed the estimated useful life of vessels from 20 years from the purchase date to 25 years from the date construction is completed. The change is applied only for the vessels which have been in use for more than 20 years after construction. During 2005, the Group decided to extend the depreciation policy adopted in 2004 for vessels that are less than 20 years and a lower residual value is assumed. The change in accounting estimation was made to better reflect the current condition and future economic benefit of the vessels. The effect of the change is to decrease net earnings of the year 2005 by Baht 42 million in the separate financial statements of the Company and by Baht 127 million in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547.

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

4.1 Revenues

Freight income is recognised when services have been rendered.

4.2 Cash and cash equivalents

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

4.3 Allowance for doubtful debts

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

4.4 Material supplies

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

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

The Company and its subsidiaries initially recorded property, premises, vessels, and equipment at their cost at the acquisition date. Revaluation of these assets is to be made with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date. When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised as a loss from impairment in the earnings statement. The Company and its subsidiaries will reverse loss from impairment when the indication of impairment no longer exists or the amount of impairment decreases.

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

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

Depreciation of impaired assets is calculated on a straight-line basis, based on the reappraised value of the assets and the remaining useful life.

No depreciation is provided for land and vessels under construction.

4.6 Investments

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

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

- (b) Investments in trading securities are determined at fair value. The change in value of securities is included in determining earnings.
- (c) Investments in subsidiary and associated companies are stated under the equity method.
- (d) Other long-term investments in non-marketable equity securities are stated at cost.

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

4.7 Foreign currencies

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

Exchange gains and losses are included in determining earnings.

4.8 Property investments held for long-term investment

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

4.9 Use of accounting estimates

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

4.10 Basic earnings per share

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

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

The balances of trade accounts receivable as at 31 December 2005 and 2004 are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated	
	2005	2004
Under 90 days	1,822,776	1,877,123
91 - 180 days	15,610	13,089
Over 181days	7,058	418
Total	1,845,444	1,890,630
Less: Allowance for doubtful debts	(1,838)	(38,346)
Net	1,843,606	1,852,284

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

The balances of trade accounts receivable - related parties as at 31 December 2005 and 2004, are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Under 90 days	167,715	109,428	760,016	301,788
91 - 180 days	-	-	-	301,655
181 - 365 days	-	-	-	591,576
Over 365 days	-	-	-	571,280
	167,715	109,428	760,016	1,766,299

6. 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	
	2005	2004	2005	2004	2005	2004	2005	2004
			Percent	Percent				
Investments in subsidiaries								
<u>Subsidiaries operating in Thailand</u>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	13	1	2
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 1 Million	100	100	5	1	37	29
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	145	145	(937)	(1,093)
d) Regional Container Lines Pte Ltd.	S\$ 42.5 Million	S\$ 42.5 Million	85	85	1,173	1,173	6,334	3,969
e) RCL Feeder Pte Ltd.	S\$ 20.5 Million	S\$ 20.5 Million	98	98	430	430	3,582	3,052
f) RCL Service SA	USD 10,000	USD 10,000	49	49	2	2	41	39
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	108	108	149	144
h) RCL Ship Management Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	54	54	8	7
<u>Subsidiary operating in Hong Kong</u>								
i) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 4 Million	100	100	217	132	229	76
<u>Subsidiary operating in the People's Republic of China</u>								
j) Regional Container Lines Shipping Co., Ltd.	USD 1.6 Million	USD 1.6 Million	100	100	68	68	97	66
Total investments in subsidiaries					2,215	2,126	9,541	6,291
Investment in associated company								
<u>Associated company operating in Thailand</u>								
k) TIPS Co., Ltd. (Port operating)	Baht 100 Million	Baht 100 Million	20	20	20	20	159	146
Total investment in associated company					20	20	159	146
Total investments accounted for under equity method					<u>2,235</u>	<u>2,146</u>	<u>9,700</u>	<u>6,437</u>

The accumulated share of the profit of the associated company, as at 31 December 2005, is calculated based on the financial statements of the associated company, which is unaudited by that company's auditor.

Consolidated

	(Unit: Thousand Baht)	
	2005	2004
The Company's investment in associated company	158,503	145,925
The subsidiaries' investment in associated company	21,664	10,167
Total investments accounted for under equity method	<u>180,167</u>	<u>156,092</u>

7. PROPERTY, PREMISES, VESSELS AND EQUIPMENT

PROPERTY AND PREMISES

	(Unit: Baht)						
	Office building in Bangkok	Office building in Singapore	Office building in Hong Kong	Improvement of building in Singapore	Improvement of building in Hong Kong	Improvement of building in China	Total
<u>Cost</u>							
31 December 2004	45,746,387	3,855,988,321	313,179,271	28,463,154	5,248,439	81,092	4,248,706,664
Acquisitions	-	143,533,532	-	975,076	-	-	144,508,608
Disposals	-	-	-	-	-	(84,648)	(84,648)
Translation adjustment	-	159,132,232	16,727,639	2,754,744	280,331	3,556	178,898,502
31 December 2005	<u>45,746,387</u>	<u>4,158,654,085</u>	<u>329,906,910</u>	<u>32,192,974</u>	<u>5,528,770</u>	<u>-</u>	<u>4,572,029,126</u>
<u>Accumulated depreciation</u>							
31 December 2004	25,543,933	229,951,650	33,632,767	28,268,810	1,312,108	28,382	318,737,650
Depreciation for the year	2,270,572	8,062,781	626,021	569,387	1,084,233	-	12,612,994
Disposals	-	-	-	-	-	(29,626)	(29,626)
Translation adjustment	-	10,783,546	1,808,829	2,713,415	91,605	1,244	15,398,639
31 December 2005	<u>27,814,505</u>	<u>248,797,977</u>	<u>36,067,617</u>	<u>31,551,612</u>	<u>2,487,946</u>	<u>-</u>	<u>346,719,657</u>
<u>Provision for impairment loss</u>							
31 December 2004	-	1,760,036,235	216,995,493	-	-	-	1,977,031,728
Impairment loss for the year	-	9,011,056	-	-	-	-	9,011,056
Reversal of impairment loss	-	(4,045,130)	(52,452,547)	-	-	-	(56,497,677)
Translation adjustment	-	70,034,222	10,549,124	-	-	-	80,583,346
31 December 2005	<u>-</u>	<u>1,835,036,383</u>	<u>175,092,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,010,128,453</u>
<u>Net book value</u>							
31 December 2004	<u>20,202,454</u>	<u>1,866,000,436</u>	<u>62,551,011</u>	<u>194,344</u>	<u>3,936,331</u>	<u>52,710</u>	<u>1,952,937,286</u>
31 December 2005	<u>17,931,882</u>	<u>2,074,819,725</u>	<u>118,747,223</u>	<u>641,362</u>	<u>3,040,824</u>	<u>-</u>	<u>2,215,181,016</u>

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

VESSELS AND EQUIPMENT

Consolidated

(Unit: Baht)

	Vessels	Vessels under construction	Containers	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>						
31 December 2004	16,681,466,812	1,330,726,248	1,658,441,866	163,238,806	32,105,945	19,865,979,677
Acquisitions	5,994,059,189	519,108,882	-	25,377,245	14,487,607	6,553,032,923
Disposals	-	-	(61,287,822)	(3,416,333)	(3,384,799)	(68,088,954)
Write off	-	-	-	(405,265)	-	(405,265)
Transfer in (Transfer out)	1,480,574,514	(1,481,505,236)	-	985,863	(55,141)	-
Translation adjustment	617,175,465	34,240,386	82,476,198	9,820,498	2,087,193	745,799,740
31 December 2005	24,773,275,980	402,570,280	1,679,630,242	195,600,814	45,240,805	27,096,318,121
<u>Accumulated depreciation</u>						
31 December 2004	4,575,239,695	-	952,423,400	120,544,811	17,570,285	5,665,778,191
Depreciation for the year	915,395,394	-	114,044,446	18,656,628	6,169,181	1,054,265,649
Depreciation for disposals	-	-	(60,751,238)	(1,973,895)	(1,485,584)	(64,210,717)
Depreciation for write off	-	-	-	(332,610)	-	(332,610)
Transfer in (Transfer out)	(76,497)	-	-	123,179	(46,682)	-
Translation adjustment	150,915,173	-	48,876,123	7,977,372	1,244,145	209,012,813
31 December 2005	5,641,473,765	-	1,054,592,731	144,995,485	23,451,345	6,864,513,326
<u>Net book value</u>						
31 December 2004	12,106,227,117	1,330,726,248	706,018,466	42,693,995	14,535,660	14,200,201,486
31 December 2005	19,131,802,215	402,570,280	625,037,511	50,605,329	21,789,460	20,231,804,795
<u>Depreciation of property, premises, vessels and equipment for the year</u>						
2004						823,237,081
2005						1,066,878,643

Containers with net book values amounting to approximately Baht 201 million as at 31 December 2005 (2004: Baht 227 million) were acquired under finance lease agreements.

At the end of the year 2004, the subsidiaries in Singapore and Hong Kong arranged to reappraise the values of their vessels and buildings, and recorded net losses of Baht 58 million as a result of the appraised values of office buildings being lower than their book values. Such losses were included in determining earnings. At the end of the year 2005, the subsidiaries in Singapore and Hong Kong again arranged to reappraise the values of their buildings and recorded reversal of impairment loss amounting to Baht 47 million, because of increases in their appraised values. These differences were reflected in the earnings statement.

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

VESSELS AND EQUIPMENT

The Company Only

	(Unit: Baht)				
	Vessels	Vessels under construction	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>					
31 December 2004	6,389,972,664	491,768,036	27,209,981	7,863,500	6,916,814,181
Acquisitions	1,767,585,814	123,283,942	1,479,157	-	1,892,348,913
Transfer in (Transfer out)	614,121,256	(615,051,978)	930,722	-	-
Disposals	(578,312,000)	-	(689,629)	-	(579,001,629)
31 December 2005	<u>8,193,367,734</u>	<u>-</u>	<u>28,930,231</u>	<u>7,863,500</u>	<u>8,230,161,465</u>
<u>Accumulated depreciation</u>					
31 December 2004	1,814,847,512	-	20,440,728	7,029,099	1,842,317,339
Depreciation for the year	349,170,402	-	3,042,232	238,400	352,451,034
Depreciation for disposals	(207,033,083)	-	(683,248)	-	(207,716,331)
Transfer in (Transfer out)	(76,497)	-	76,497	-	-
31 December 2005	<u>1,956,908,334</u>	<u>-</u>	<u>22,876,209</u>	<u>7,267,499</u>	<u>1,987,052,042</u>
<u>Net book value</u>					
31 December 2004	<u>4,575,125,152</u>	<u>491,768,036</u>	<u>6,769,253</u>	<u>834,401</u>	<u>5,074,496,842</u>
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>
<u>Depreciation of property, premises, vessels and equipment for the year</u>					
2004					<u>264,869,993</u>
2005					<u>354,721,606</u>

8. LONG-TERM LOANS

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Loans of the Company:				
1) USD 1.9 million loans with a maturity period of 10 years, and interest at LIBOR + 2.5% p.a., repayable semi-annually until the year 2008. The Company made an early repayment in 2005.	-	72,583	-	72,583
2) Baht 92.6 million loans with a maturity period of 10 years, and interest at 5.25% p.a. repayable semi-annually until the year 2008. The Company made an early repayment in 2005.	-	92,575	-	92,575
Loans of the Singaporean subsidiaries:				
3) USD 61.6 million loan (2004: USD 72.2 million), repayable quarterly until the year 2009.	2,528,388	2,821,686	-	-
4) USD 28.5 million loan (2004: USD 38.6 million), repayable semi-annually until the year 2009.	1,168,697	1,509,603	-	-
5) USD 1 million loan (2004: USD 5 million), repayable quarterly until the year 2006.	41,079	195,543	-	-
6) USD 4.1 million loan (2004: USD 4.8 million), repayable semi-annually until the year 2011.	168,422	187,721	-	-
7) USD 4.3 million loan (2004: USD 5 million), repayable quarterly until the year 2011.	176,051	195,543	-	-
8) USD 45.8 million loan (2004: USD 7.5 million), repayable quarterly until the year 2015.	1,881,400	292,493	-	-
9) USD 48.8 million loan (2004: USD 11.4 million), repayable quarterly until the year 2015.	2,005,509	444,592	-	-
10) USD 21.3 million loan, repayable quarterly until the year 2015.	875,744	-	-	-
Total	8,845,290	5,812,339	-	165,158
Less: Current portion	(1,915,827)	(1,030,890)	-	(47,188)
Long-term loans, net of current portion	6,929,463	4,781,449	-	117,970

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

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

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

9. DEBENTURES

In 1999, the Company issued and offered 1 million units of unsecured debentures with a par value of Baht 1,000 each, or a total of Baht 1,000 million, to be used for working capital for the partial repayment of outstanding debts of the Company and its subsidiaries, and/or for the long-term expansion of business. The maturity period of the debentures is 5 years, with the redemption date being 9 December 2004. The debenture holders are entitled to receive interest at a rate of 9.125 percent per annum for the first three years, and at MLR plus 0.75 percent for the following two years. Such interest is payable semi-annually on 9 June and 9 December of each year, throughout the debentures' life. The terms and conditions of the debentures contain certain covenants, and restrictions, pertaining to matters such as the maintenance of a certain debt to equity ratio, the payment of dividends, the maintenance of financial ratios, and the assumption of guarantees or commitments. During 2003, the Company redeemed 0.31 million of the debentures or a total of Baht 310 million. During 2004, the Company repaid all remaining debentures of Baht 690 million.

Furthermore, during the year 2003, the Company issued and offered 2.5 million units of unsecured and unsubordinated debentures with a par value of Baht 1,000 each, or a total Baht 2,500 million, to be used for the repayment of outstanding promissory notes and debentures of the Company, and for the long-term expansion of business. The maturity period of the debentures is 6 years, with the redemption date being 5 June 2009. The debenture holders are entitled to receive interest at a rate of 4 percent per annum for the first three years, and at MLR - 1.75 percent for the following three years. Such interest is payable quarterly. The terms and conditions of the debenture holders' rights contain certain covenants, and restrictions pertaining to matters such as the maintenance of a certain debt to equity ratio, the payment of dividends, the maintenance of financial ratios, and the assumption of guarantees or commitments.

10. RELATED PARTY TRANSACTIONS

- a) The Company and its subsidiaries have business dealings with their customers through regional shipping agents (third parties and related companies) of which a substantial part is through their related companies. Such transactions have been determined in the ordinary course of business.
- b) In addition to the matter discussed in a), during the years, the Company had other significant business transactions with its subsidiary company. The transactions are summarised below.

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated		The Company Only		
	2005	2004	2005	2004	
Transactions with subsidiary					
Charter freight income	-	-	3,047	1,230	Cost plus a margin or at price comparable to cost
Transactions with related parties					
Commission expenses	131	113	-	-	A price approximately market price
Terminal operating service	51	45	-	-	A price approximately tariff
Rental expenses	5	4	5	4	Rental agreement

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

(Unit: Million Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Trade accounts receivable - related parties				
<u>Subsidiary</u>				
RCL Feeder Pte Ltd.	-	-	760	1,766
<u>Related parties</u>				
Ngow Hock Co., Ltd.	163	85	-	-
Songkhla Shipping Agency Co., Ltd.	5	24	-	-
	<u>168</u>	<u>109</u>	<u>760</u>	<u>1,766</u>
Trade accounts payable - related parties				
<u>Subsidiary</u>				
RCL Ship Management Pte Ltd.	-	-	172	17
<u>Related party</u>				
RCL (Vietnam) Co., Ltd.	8	-	-	-
	<u>8</u>	<u>-</u>	<u>172</u>	<u>17</u>

11. 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.

12. DIVIDEND

Dividends declared in 2005 and 2004 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on 2004 earnings	Annual General Meeting of the shareholders on 29 April 2005	1,028	1.55
Interim dividends on 2005 earnings	Board of Directors' meeting on 8 August 2005	663	1.00
Total dividends paid in 2005		<u>1,691</u>	
Dividends on 2003 earnings	Annual General Meeting of the shareholders on 30 April 2004	298	0.45
Interim dividends on 2004 earnings	Board of Directors' meeting on 6 August 2004	298	0.45
Total dividends paid in 2004		<u>596</u>	

13. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2005	2004	2005	2004
Number of employees at end of year	1,506	1,242	450	421
Employee costs for the year (Thousand Baht)	1,244,396	1,045,258	307,361	241,932

14. 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.

15. CORPORATE INCOME TAX

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

Corporate income tax of the subsidiaries in Hong Kong has been calculated at the rate of 17.5% of profit.

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

The Company's operating results for the years 2005 and 2004 can be divided into BOI promoted activities and non-BOI promoted activities as follows:

(Unit: Baht)

	The Company Only			Total
	For the year ended 31 December 2005			
	Tax Payer Number			
	3101120028	3105114177		
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
Expenses				
Cost of freight and operations	286,912,214	-	539,806,762	826,718,976
Administrative expenses	75,071,985	-	119,473,796	194,545,781
Loss on exchange	28,373,608	-	-	28,373,608
Interest expenses	23,757,555	-	77,406,903	101,164,458
Total expenses	414,115,362	-	736,687,461	1,150,802,823
Net earnings for the year	764,162,006	2,889,596,166	1,146,411,331	4,800,169,503

(Unit: Baht)

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

16. COMMITMENT AND CONTINGENT LIABILITIES

16.1 Commitments

- (a) As at 31 December 2005, the Company had outstanding commitments of approximately Baht 9 million (2004: Baht 14 million) in respect of lease agreements, and a subsidiary company in Singapore had outstanding commitments of approximately Baht 4,189 million (2004: Baht 5,207 million) in respect of the following agreements.

Payment period	(Unit: Million Baht)			
	Charter hire	Container lease	Rental	Total
Within one year	1,767	180	23	1,970
During two to five years	1,307	723	8	2,038
Over five years	-	181	-	181
Total	3,074	1,084	31	4,189

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

16.2 Guarantees

As at 31 December 2005, the Company had outstanding guarantees of Baht 16,031 million (2004: Baht 15,632 million) which had been issued to secure long-term credit lines of the overseas subsidiaries from financial institutions.

16.3 Bank Guarantees

As at 31 December 2005, there were outstanding bank guarantees of approximately Baht 2 million (2004: Baht 2 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

16.4 Litigation

In June 2000, a subsidiary in Singapore filed a petition to wind up an associated company in Malaysia and another petition to recover an outstanding agency balance of approximately RM 25 million or Baht 266 million. The case is under consideration of the court.

In June 2000, the subsidiary was counter-sued by the associated company, claiming compensation of approximately RM 27 million or Baht 297 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.

17. 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 2005, the Company's and the subsidiaries' contributions to these funds totaled Baht 47.6 million (2004: Baht 43.5 million).

18. FINANCIAL INFORMATION BY SEGMENT

The Company's and its subsidiaries' operations involve mainly a single industry segment, the business of feeder and vessel operations, and are carried on in geographic areas in Thailand, Singapore, Hong Kong, The People's Republic of China, Taiwan and other countries around the South China Sea. Financial information of the Company and its subsidiaries presented by geographical segment as of and for the years ended 31 December 2005 and 2004 are as follows:

(Million Baht)

	Consolidated						
	For the year ended 31 December 2005						
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	3,223	25,150	312	227	28,912	(7,432)	21,480
Gross profit	2,241	3,742	144	147	6,274	(13)	6,261
Other income							219
Share of profit 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 earnings for the year							4,800

(Million Baht)

Consolidated							
As at 31 December 2005							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Property, premises, vessels and equipment	6,264	16,156	127	11	22,558	(111)	22,447
Others							5,739
Total assets							28,186

(Million Baht)

Consolidated							
For the year ended 31 December 2004 and as at 31 December 2004							
	Thailand	Singapore	Hong Kong	China	Total	Elimination	Grand Total
Freight income	1,355	19,174	136	154	20,819	(2,886)	17,933
Gross profit	672	4,092	109	122	4,995	63	5,058
Other income							103
Gain on exchange							34
Share of profit from investments accounted for under equity method - associated companies							42
Administrative expenses							(1,053)
Loss on sale of investment							(44)
Loss on impairment of assets							(58)
Interest expenses							(391)
Corporate income tax							(14)
Net earnings for the year							3,677
Property, premises, vessels and equipment	5,097	11,021	69	12	16,199	(46)	16,153
Others							4,922
Total assets							21,075

19. FINANCIAL INSTRUMENTS

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

19.1 Interest rate risk

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

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

As at 31 December 2005, a subsidiary in Singapore has entered into period-by-period knock out swap and interest rate swap agreements covering the notional amount of USD 61.5 million (2004: USD 60 million). The details are below.

1. For notional amount of USD 17 million (2004: USD 19 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.
2. For notional amount of USD 25.5 million (2004: USD 28.5 million) under the period-by-period knock out swap agreement, an interest rate of LIBOR per annum is to be swapped for the various fixed interest rates stipulated in the agreement for particular periods, with the notional amount base used for determination of the interest to be amortised at a rate of USD 0.75 million per quarter over the period 2004 to 2014.
3. For notional amount of USD 19 million under the period-by-period knock out swap agreement, an interest rate of LIBOR per annum is to be swapped for a fixed interest rate, provided that LIBOR for that period does not exceed a stipulated rate as identified in the agreement. The notional amount base used for determination of the interest is to be amortised at a rate of USD 0.5 million per quarter over the period 2005 to 2015.

4. As at 31 December 2004, under interest rate swap agreements, interest rates of LIBOR per annum on notional amounts of USD 12.5 million were to be swapped for a fixed interest rate stipulated in the agreements. The agreements mature in 2005.

19.2 Foreign currency risk

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

In addition to foreign currency transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. As at 31 December 2005 and 2004, 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.

As at 31 December 2004, a subsidiary company in Singapore has entered into three forward foreign exchange contracts in order to hedge foreign currency risk. Under the contracts, the subsidiary company is committed to purchase SGD 18 million at rates of SGD 1.6325 to SGD 1.6354 per USD 1. The contracts have a term of less than one year.

19.3 Credit risk

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

19.4 Net 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.

19.5 Commodity price risk

As at 31 December 2005, a subsidiary company in Singapore has entered into a contract to hedge exposure to bunker price fluctuations, covering the period from 15 November 2005 to 31 March 2006 and 5,000 metric tons per month (2004: 13,000 metric tons per month).

20. PRESENTATION

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

Certain amounts in the financial statements for the year ended 31 December 2004 have been reclassified to conform to the current year classifications, with no effect on previously reported net earnings or shareholders' equity.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company on 27 February 2006.



REGIONAL CONTAINER LINES GROUP

YEARLY EARNING STATEMENTS IN US\$

(million US\$)

	Year-end 2005	Year-end 2004	Year-end 2003	Year-end 2002	Year-end 2001
Freight income	531.8	444.9	315.5	287.6	301.6
Cost of freight and operations	(379.8)	(322.2)	(266.0)	(241.9)	(251.8)
Gross Profit	152.0	122.7	49.5	45.7	49.8
Gross Profit Margin	28.6%	27.6%	15.7%	15.9%	16.5%
Other income	4.7	3.6	7.2	2.4	2.4
Gain on exchange	0.2	0.0	0.0	2.4	0.0
Gain on sale of investments	0.4	0.0	0.0	0.0	0.0
Reversal of loss on impairment of building	1.2	0.0	0.0	0.0	0.0
Total other income	6.5	3.6	7.2	4.8	2.4
Admin expenses	(28.3)	(25.4)	(21.1)	(18.6)	(18.6)
Loss on exchange	0.0	(0.8)	(0.6)	0.0	(1.7)
Loss on sale of investments	0.0	(1.1)	0.0	0.0	0.0
Loss on impairment of buildings	0.0	(1.7)	(9.4)	(5.5)	(10.3)
Loss on disposal of vessels	0.0	0.0	0.0	(1.6)	0.0
Total other expenses	(28.3)	(29.0)	(31.1)	(25.7)	(30.6)
Interest expenses	(11.8)	(9.7)	(11.3)	(13.5)	(18.4)
Profit / (loss) before taxation	118.4	87.6	14.3	11.3	3.2
Income tax	(0.5)	(0.3)	(0.6)	(0.1)	(0.1)
Profit / (loss) after taxation	117.9	87.3	13.7	11.2	3.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Net profit / (loss) attributable to members	117.9	87.3	13.7	11.2	3.1

Computation of EBITDA

Profit / (loss) before taxation	118.4	87.6	14.3	11.3	3.2
Add: Impairment loss	0.0	1.7	9.4	5.5	10.3
Add: Interest	11.8	9.7	11.3	13.5	18.4
EBIT	130.2	99.0	35.0	30.3	31.9
Add: Amortisation	0.0	0.0	0.0	0.0	0.3
Add: Depreciation	28.5	22.5	18.9	19.2	21.9
EBITDA	158.7	121.5	53.9	49.5	54.1

27 February 2006

The Board of Directors
Regional Container Lines Public Company Limited
30th Floor, Panjathani Tower
127/35 Ratchadapisek Road
Yannawa District
BANGKOK 10120

Dear Sirs,

Consolidated financial statements in United States Dollars

As requested, we have obtained from the management the consolidated balance sheets as at 31 December 2005 and 2004, and the related statements of earnings and retained earnings for the years ended 31 December 2005 and 2004 of Regional Container Lines Public Company Limited and its subsidiaries ("the Group") in United States Dollars ("USD") and performed the following procedures as agreed upon:

- (i) We obtained management's basis in determining exchange rates applied in the translation of financial information.
- (ii) We recomputed the translation of financial information into USD.
- (iii) We checked the casting and extension of the translated USD financial information in the statements.

The above procedures do not constitute either an audit or a review in accordance with Thai generally accepted auditing standards and the basis of translation is not necessarily in compliance with Thai generally accepted accounting principles. We therefore cannot give any assurance on the basis of these procedures.

The above procedures were performed solely to assist you in the preparation of the financial information in USD for presentation to your bankers for the purpose of their facilities review, and are not to be referred to for any other purposes or distributed to any other parties without our prior consent.

Yours faithfully,

ERNST & YOUNG OFFICE LIMITED



Vissuta Jariyathanakorn

Partner

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	31 December 2005		31 December 2004	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
ASSETS				
Current assets				
Cash and cash equivalents	2,696.7	65.7	2,400.6	61.4
Short-term investment	215.2	5.2	-	-
Trade accounts receivable, net	1,843.6	44.9	1,852.2	47.4
Trade accounts receivable - related parties	167.7	4.1	109.4	2.8
Other current assets	582.1	14.2	360.2	9.2
Total current assets	5,505.3	134.1	4,722.4	120.8
Non-current assets				
Property and premises, net	2,215.2	59.3	1,952.9	55.0
Vessels and equipment, net	20,231.8	527.0	14,200.2	393.8
Other non-current assets	234.2	6.6	199.4	5.7
Total non-current assets	22,681.2	592.9	16,352.5	454.5
TOTAL ASSETS	28,186.5	727.0	21,074.9	575.3

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

	31 December 2005		31 December 2004	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade accounts payable	2,119.7	51.6	1,556.0	39.8
Current portion of finance lease creditors	67.8	1.7	58.9	1.5
Current portion of long-term loans	1,915.8	46.6	1,030.9	26.4
Current portion of debenture	576.9	14.1	-	-
Other current liabilities	281.4	6.9	234.2	6.0
Total current liabilities	4,961.6	120.9	2,880.0	73.7
Non-current liabilities				
Finance lease creditors, net of current portion	29.9	0.7	93.0	2.4
Long-term loans, net of current portion	6,929.5	168.7	4,781.5	122.3
Debenture, net of current portion	1,923.1	46.8	2,500.0	63.9
Total non-current liabilities	8,882.5	216.2	7,374.5	188.6
Total liabilities	13,844.1	337.1	10,254.5	262.3
Shareholders' equity				
Share capital				
Issued and fully paid				
663,000,000 ordinary shares of Baht 1 each	663.0	20.6	663.0	20.6
Share premium	3,073.2	113.7	3,073.2	113.7
Translation adjustment	2,319.7	(8.1)	1,930.2	(8.5)
Retained earnings				
Appropriated - statutory reserve	66.3	1.9	66.3	1.9
Unappropriated	8,192.4	261.1	5,082.9	185.2
Equity attributable to Company's shareholders	14,314.6	389.2	10,815.6	312.9
Minority interest - equity attributable				
to minority shareholders of subsidiaries	27.8	0.7	4.8	0.1
Total shareholders' equity	14,342.4	389.9	10,820.4	313.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,186.5	727.0	21,074.9	575.3

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	2005		2004	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
Revenues				
Freight income	21,480.1	531.8	17,933.0	444.9
Gain on exchange	-	0.2	33.7	-
Gain on sale of investments	15.0	0.4	-	-
Reversal of loss on impairment of buildings	47.5	1.2	-	-
Other income	191.3	4.7	145.3	3.6
Total revenues	21,733.9	538.3	18,112.0	448.5
Expenses				
Cost of freight and operations	14,189.6	351.3	12,082.9	299.7
Depreciation	1,066.9	28.5	823.2	22.5
Administrative expenses	1,100.7	27.3	994.2	24.7
Loss on sale of investment	-	-	44.0	1.1
Loss on impairment of buildings	-	-	58.0	1.7
Loss on exchange	41.2	-	-	0.8
Directors' remuneration	38.8	1.0	27.2	0.7
Total expenses	16,437.2	408.1	14,029.5	351.2
Earnings before interest and income tax expenses	5,296.7	130.2	4,082.5	97.3
Interest expenses	(475.1)	(11.8)	(390.9)	(9.7)
Corporate income tax	(19.8)	(0.5)	(13.9)	(0.3)
Earnings after income tax	4,801.8	117.9	3,677.7	87.3
Net earnings - minority interest	(1.6)	-	(0.4)	-
Net earnings for the year	4,800.2	117.9	3,677.3	87.3

See Basis of Preparation

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF RETAINED EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	2005		2004	
	Million	Million	Million	Million
	Baht	USD	Baht	USD
Retained earnings - unappropriated				
Balance - beginning of year	5,082.9	185.2	2,002.3	112.5
Net earnings for the year	4,800.2	117.9	3,677.3	87.3
Dividend paid	(1,690.7)	(42.0)	(596.7)	(14.6)
Total retained earnings - unappropriated	<u>8,192.4</u>	<u>261.1</u>	<u>5,082.9</u>	<u>185.2</u>
Retained earnings - appropriated				
Statutory reserve	<u>66.3</u>	<u>1.9</u>	<u>66.3</u>	<u>1.9</u>
Total retained earnings - appropriated	<u>66.3</u>	<u>1.9</u>	<u>66.3</u>	<u>1.9</u>
Total retained earnings	<u><u>8,258.7</u></u>	<u><u>263.0</u></u>	<u><u>5,149.2</u></u>	<u><u>187.1</u></u>

See Basis of Preparation

BASIS OF PREPARATION

1. THAI BAHT FIGURES

The Thai Baht figures in the balance sheets as at 31 December 2005 and 2004 and profit and loss accounts for the years then ended were extracted from the audited consolidated financial statements. The consolidated financial statements included the financial statements of Regional Container Lines Public Company Limited (hereinafter called "the Company") and its subsidiaries in Thailand, Singapore, Hong Kong and the People's Republic of China.

For consolidation purposes, foreign currency financial statements of the subsidiaries were translated into Thai Baht at the closing exchange rates as to assets and liabilities, and at the average rates as to revenues and expenses. The resultant difference has been presented under the caption of "Translation adjustment" in the shareholders' equity.

2. USD FIGURES

2.1 The USD figures in the consolidated balance sheets were determined by translating the Thai Baht consolidated balance sheets of the Group (except for the 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 December 2005 : USD 1 = Baht 41.0786
As of 31 December 2004 : USD 1 = Baht 39.1086
- b) The approximate rates as of 1 January 1997 were used for brought-forward balances of share capital, share premium, investments, property and equipment:

For the Company and its Thailand subsidiary

USD 1 = Baht 25.5850

For its Singapore subsidiary with normal functional currency in Singapore dollar

USD 1 = SGD 1.4020

For its Hong Kong subsidiaries

USD 1 = HKD 7.7296

- c) Approximate rates as at the transaction dates were used for additional share capital, share premium, and equipment, and disposals of equipment.

Any differences have been included in "Translation adjustment".

- 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 December 2005 :	USD 1	=	Baht 40.3903
31 December 2004 :	USD 1	=	Baht 40.3118