

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying consolidated statement of financial position of Regional Container Lines Public Company Limited and its subsidiaries as of March 31, 2019, the related consolidated statements of changes in equity, income, comprehensive income and cash flows for the three - month period ended March 31, 2019, as well as the condensed notes to the consolidated financial statements, and I have also reviewed the separate financial information for the same period of Regional Container Lines Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 (revised 2018), “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Accounting Standard 34 (revised 2018), “Interim Financial Reporting”.

(CHAIYUTH ANGSUWITHAYA)
Certified Public Accountant
Registration No. 3885

A.M.T. & ASSOCIATES
Bangkok, Thailand
May 10, 2019

Regional Container Lines Public Company Limited and its subsidiaries
Statements of financial position
As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,055,286	1,202,343	16,100	21,119
Trade receivables - unrelated parties		2,282,429	2,271,166	26,654	2,944
<u>Less: allowance for doubtful accounts</u>		<u>(55,060)</u>	<u>(56,106)</u>	<u>-</u>	<u>-</u>
Trade receivables - unrelated parties, net	4	2,227,369	2,215,060	26,654	2,944
Trade receivables - related parties	4 and 15	55,145	43,697	895,169	725,253
Other receivables					
- Dividend receivables	7.1	22,222	-	22,222	-
- Other	15	461,981	488,116	1,156,465	958,440
Material supplies		305,876	332,237	17,155	17,984
Other current assets		44,497	42,457	463	1,127
Total current assets		4,172,376	4,323,910	2,134,228	1,726,867
Non - current assets					
Property investments held for					
long - term investment		4,941	5,065	-	-
Investments in subsidiaries, net	6	-	-	6,658,388	6,786,353
Investments in associates	7.1	340,124	353,353	52,768	53,782
Investments in joint venture	7.2	70,110	62,085	-	-
Other long - term investments		10,724	10,930	-	-
Property and premises, net	8.1, 10 and 12	300,149	307,838	416	424
Vessels and equipment, net	8.2, 11 and 12	12,257,456	12,949,722	4,972,393	5,264,905
Intangible assets, net	9	-	-	-	-
Other non - current assets					
- Advances for vessel constructions	19	309,792	267,536	309,792	267,536
- Other	16	27,072	15,651	14,056	2,503
Total non - current assets		13,320,368	13,972,180	12,007,813	12,375,503
Total assets	22	17,492,744	18,296,090	14,142,041	14,102,370

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

..... DIRECTOR DIRECTOR

Regional Container Lines Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short - term loans from financial institutions	10	1,135,584	932,300	450,000	350,000
Trade payables - unrelated parties		3,082,666	3,504,735	54,462	59,517
Trade payables - related parties	15	5,352	88,067	-	-
Other payables					
- Accrued expenses		95,135	79,861	23,132	15,922
- Advance receipt	15	2,388	4,260	4,528,892	4,296,703
- Payable on purchase of assets	15	29,379	77,237	98,743	104,486
Current portion of liabilities					
under financial lease agreement	11	324,540	326,336	-	-
Current portion of long - term loans	12	639,353	651,584	470,641	479,686
Provision for onerous contracts	18.1 (a)	45,256	46,126	-	-
Income tax payable		4,583	2,853	-	-
Other current liabilities	5	128,928	134,485	4,098	3,148
Total current liabilities		5,493,164	5,847,844	5,629,968	5,309,462
Non - current liabilities					
Liabilities under financial lease agreements,					
net of current portion	11	1,288,266	1,395,981	-	-
Long - term loans, net of current portion	12	2,439,003	2,600,087	1,660,809	1,763,781
Provisions for employee benefits	14	36,827	35,121	33,517	31,935
Deferred tax liabilities	16	8,450	8,633	-	-
Total non - current liabilities		3,772,546	4,039,822	1,694,326	1,795,716
Total liabilities	22	9,265,710	9,887,666	7,324,294	7,105,178

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

..... DIRECTOR DIRECTOR

Regional Container Lines Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 March 2019

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
828,750,000 ordinary shares of Baht 1 each	828,750	828,750	828,750	828,750
Issued and fully paid - up				
828,750,000 ordinary shares of Baht 1 each	828,750	828,750	828,750	828,750
Share premium	4,982,964	4,982,964	4,982,964	4,982,964
Retained earnings				
Appropriated - legal reserve	66,300	66,300	66,300	66,300
Unappropriated	2,959,461	2,987,147	1,434,270	1,481,617
Other components of equity	(617,305)	(464,368)	(494,537)	(362,439)
Total equity of parent Company's shareholders	8,220,170	8,400,793	6,817,747	6,997,192
Non - controlling interests	6,864	7,631	-	-
Total shareholders' equity	8,227,034	8,408,424	6,817,747	6,997,192
Total liabilities and shareholders' equity	17,492,744	18,296,090	14,142,041	14,102,370
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The accompanying notes to interim financial statements are an integral part of these interim financial statements.

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Regional Container Lines Public Company Limited and its subsidiaries
Statements of changes in equity
For the three - month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements

	Equity holders of parent company							
	Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity		Total equity	
			Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)		of the parent Company's shareholder	Non - controlling interests
					Exchange differences on translating financial statement			
Balance as at 1 January 2018	828,750	4,982,964	66,300	3,427,764	(384,125)	8,921,653	1,617	8,923,270
Subsidiaries dissolve and liquidate	-	-	-	-	8,351	8,351	-	8,351
Purchase of investment in subsidiary	-	-	-	-	-	-	1,970	1,970
Total comprehensive income (loss) for the period	-	-	-	(191,658)	(385,979)	(577,637)	374	(577,263)
Balance as at 31 March 2018	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>3,236,106</u>	<u>(761,753)</u>	<u>8,352,367</u>	<u>3,961</u>	<u>8,356,328</u>
Balance as at 1 January 2019	828,750	4,982,964	66,300	2,987,147	(464,368)	8,400,793	7,631	8,408,424
Total comprehensive income (loss) for the period	-	-	-	(27,686)	(152,937)	(180,623)	(767)	(181,390)
Balance as at 31 March 2019	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>2,959,461</u>	<u>(617,305)</u>	<u>8,220,170</u>	<u>6,864</u>	<u>8,227,034</u>

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

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Regional Container Lines Public Company Limited and its subsidiaries
Statements of changes in equity (continued)
For the three - month period ended 31 March 2019

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity	Total shareholder's equity
			Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss) Exchange differences on translating financial statement	
Balance as at 1 January 2018	828,750	4,982,964	66,300	1,869,950	(308,893)	7,439,071
Total comprehensive income (loss) for the period	-	-	-	4,816	(317,441)	(312,625)
Balance as at 31 March 2018	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>1,874,766</u>	<u>(626,334)</u>	<u>7,126,446</u>
Balance as at 1 January 2019	828,750	4,982,964	66,300	1,481,617	(362,439)	6,997,192
Total comprehensive income (loss) for the period	-	-	-	(47,347)	(132,098)	(179,445)
Balance as at 31 March 2019	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>1,434,270</u>	<u>(494,537)</u>	<u>6,817,747</u>

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

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Regional Container Lines Public Company Limited and its subsidiaries
Statements of income
For the three - month period ended 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the three - month periods ended 31 March		For the three - month periods ended 31 March	
		2019	2018	2019	2018
Revenues					
Freight income	1.4.1 and 15	4,204,477	4,056,881	265,053	208,518
Other incomes					
Gain on exchange rate		14,662	3,384	-	-
Dividend income	7.1	-	-	22,148	44,834
Gain on sales of assets	8.2	20,507	12,945	-	-
Gain on dissolution of subsidiary, net	6	-	-	-	72,525
Interest income		817	1,759	1	49
Unrealized gain on derivatives	5	-	985	-	985
Others		3,307	6,145	-	-
Total revenues		4,243,770	4,082,099	287,202	326,911
Expenses					
Cost of freight and operations	1.4.1 and 15	3,974,263	4,021,210	224,997	223,875
Administrative expenses	15	234,562	228,678	62,551	60,403
Others expense					
Loss on exchange rate		-	-	5,298	8,752
Loss on dissolution of subsidiary		-	3,899	-	-
Loss on sales of assets	8.2	-	-	238	-
Unrealized loss on derivatives	5	3,550	-	3,550	-
Finance costs		80,623	50,079	37,915	29,065
Total expenses		4,292,998	4,303,866	334,549	322,095
Share of profit (loss) from investments in associates	7.1	15,678	22,855	-	-
Share of profit (loss) from investments in joint venture	7.2	9,165	6,928	-	-
Profit (loss) before income tax expense		(24,385)	(191,984)	(47,347)	4,816
Tax expense (income)	16	4,007	(700)	-	-
Profit (loss) for the periods	22	(28,392)	(191,284)	(47,347)	4,816
Profit (loss) attributable to:					
Equity holders of the parent		(27,686)	(191,658)	(47,347)	4,816
Non - controlling interests		(706)	374	-	-
		(28,392)	(191,284)	(47,347)	4,816
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the parent (Baht)		(0.03)	(0.23)	(0.06)	0.01
The weighted average number of ordinary shares (Thousand share)		828,750	828,750	828,750	828,750

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

(Unaudited but reviewed)

Regional Container Lines Public Company Limited and its subsidiaries
Statements of comprehensive income
For the three - month period ended 31 March 2019

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three - month periods ended 31 March		For the three - month periods ended 31 March	
	2019	2018	2019	2018
Profit (loss) for the periods	<u>(28,392)</u>	<u>(191,284)</u>	<u>(47,347)</u>	<u>4,816</u>
Other comprehensive income (loss):				
Item that will be reclassified subsequently to profit or loss:				
Exchange differences on translating financial statement	<u>(152,998)</u>	<u>(385,979)</u>	<u>(132,098)</u>	<u>(317,441)</u>
Total item that will be reclassified subsequently to profit or loss	<u>(152,998)</u>	<u>(385,979)</u>	<u>(132,098)</u>	<u>(317,441)</u>
Other comprehensive income (loss) for the periods	<u>(152,998)</u>	<u>(385,979)</u>	<u>(132,098)</u>	<u>(317,441)</u>
Total comprehensive income (loss) for the periods	<u>(181,390)</u>	<u>(577,263)</u>	<u>(179,445)</u>	<u>(312,625)</u>
Total comprehensive income (loss) for the periods attributable to:				
Equity holders of the parent	<u>(180,623)</u>	<u>(577,637)</u>	<u>(179,445)</u>	<u>(312,625)</u>
Non - controlling interests	<u>(767)</u>	<u>374</u>	<u>-</u>	<u>-</u>
	<u>(181,390)</u>	<u>(577,263)</u>	<u>(179,445)</u>	<u>(312,625)</u>

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

..... DIRECTOR DIRECTOR

Regional Container Lines Public Company Limited and its subsidiaries

Statements of cash flows

For the three - month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three - month periods ended 31 March		For the three - month periods ended 31 March	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before income tax expenses	(24,385)	(191,984)	(47,347)	4,816
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Depreciation	351,805	378,846	95,604	99,717
Amortization	-	5	-	-
Loss (gain) on sales and write - off of assets	(20,507)	(12,945)	238	-
Loss (gain) on dissolution of subsidiaries, net	-	3,899	-	(72,525)
Increase (decrease) in allowance for doubtful accounts	(1,046)	(2,386)	-	-
Dividend income	-	-	(22,148)	(44,834)
Unrealized loss (gain) on derivatives	-	(985)	-	(985)
Unrealized loss (gain) on exchange rate	106,138	(3,631)	5,479	9,649
Share of profit (loss) from investments in associates	(15,678)	(22,855)	-	-
Share of profit (loss) from investments in joint venture	(9,165)	(6,928)	-	-
Provisions for employee benefits	1,706	1,706	1,582	1,582
Interest income	(817)	(1,759)	(1)	(49)
Finance costs	80,623	50,079	37,915	29,065
Profit (loss) from operating activities before changes in operating assets and liabilities	468,674	191,062	71,322	26,436
Operating assets decrease (increase)				
Trade receivables - unrelated parties	(111,656)	(98,002)	(23,710)	(18,343)
Trade receivables - related parties	(11,448)	6,323	(169,916)	(79,126)
Other receivables	26,704	240,834	(198,025)	(112,654)
Material supplies	26,361	(10,542)	829	1,226
Other current assets	(1,362)	(12,371)	664	137
Other non - current assets	(11,421)	(3,074)	(11,553)	(60)
Operating liabilities increase (decrease)				
Trade payable - unrelated parties	(422,661)	(49,486)	(5,376)	30,832
Trade payable - related parties	(82,715)	(8,132)	-	-
Other payables - accrued expenses	14,930	(6,795)	6,709	3,003
Advance receipt	(1,872)	4,863	313,211	340,445
Other current liabilities	(8,401)	13,142	(2,600)	(1,489)
Cash received (paid) from operating activities	(114,867)	267,822	(18,445)	190,407
Cash received (paid) for income tax expense	(2,951)	(2,304)	-	-
Net cash provided by (used in) operating activities	(117,818)	265,518	(18,445)	190,407

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

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Regional Container Lines Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the three - month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three - month periods ended 31 March		For the three - month periods ended 31 March	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash received from sales of assets	136,398	17,791	115,653	-
Purchase of property, premises, vessels and equipment	(5,157)	(140,496)	(4,647)	(123,333)
Payment of payable on purchase of assets	(62,210)	-	(18,423)	-
Payment of advances for vessel constructions	(47,143)	-	(47,143)	-
Dividend received	-	44,834	-	44,834
Interest received	248	972	1	79
Net cash and cash equivalents received from business combination	-	13,140	-	-
Proceed from purchase of non - controlling interest	-	4,075	-	-
Net cash provided by (used in) investing activities	22,136	(59,684)	45,441	(78,420)
Cash flows from financing activities				
Increase (decrease) in short - term loans from financial institutions	213,884	100,000	101,369	(57,872)
Payment of liabilities under financial lease agreements	(109,511)	(104,276)	-	-
Increase (decrease) in long - term loans	(111,470)	(486,023)	(69,482)	(86,324)
Finance costs paid	(80,279)	(56,379)	(37,414)	(31,923)
Net cash provided by (used in) financing activities	(87,376)	(546,678)	(5,527)	(176,119)
Exchange differences on translating financial statement	36,001	9,795	(26,488)	62,158
Net increase (decrease) in cash and cash equivalents	(147,057)	(331,049)	(5,019)	(1,974)
Cash and cash equivalents at beginning of periods	1,202,343	1,639,980	21,119	77,813
Cash and cash equivalents at end of periods	1,055,286	1,308,931	16,100	75,839

The accompanying notes to interim financial statements are an integral part of these interim financial statements.

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Regional Container Lines Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three - month period ended 31 March 2019

1. General information

1.1 General matter

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, Bangkok.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 34 (revised 2018) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, changes in shareholders’ equity, income, comprehensive income and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is US Dollar. The presentation is in Thai Baht in accordance with the regulatory requirements in Thailand.

The USD functional currency interim financial statements are translated into the Thai Baht presentation currency financial statements at the rate of exchange prevailing at the end of reporting period in respect of assets and liabilities, and the transactions in the income statements and statements of comprehensive income are translated at the average exchange rates of each period, differences being recorded as “Exchange differences on translating financial statement” in other comprehensive income, other component of shareholders' equity.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statement should therefore be read in conjunction with the financial statements for the year ended 31 December 2018.

An English language version of the interim financial statements has been prepared from the statutory interim financial statements that were issued in Thai language. In case of conflict or difference in understanding, the interim financial statements in Thai language shall prevail.

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018.

1.4 Adoption of new financial reporting standards

1.4.1 Financial reporting standards which are effective for the current period

During the period, the Group adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after 1 January 2019. Adoption of the above financial reporting standards in the current period do not have material effect on the financial statements. Accordingly, the Group reclassified revenues recovered from customers from “cost of freight and operations” to “freight income” amounting to USD 40.9 million or approximately Baht 1,294.1 million and USD 38.9 million or approximately Baht 1,227.7 million in the first quarter of 2019 and 2018, respectively.

The above reclassification, due to initial adoption of TFRS 15 Revenue from Contract with Customers, superseding TAS 11 (revised 2017) Construction Contracts and TAS 18 (revised 2017) Revenue and the interpretation of relevant financial reporting standards, has no impact to the beginning retained earnings and profit and loss of the Group.

1.4.2 Financial reporting standards which are not effective for the current period

The Federation of Accounting Professions has issued the new accounting standard, financial reporting standards and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January 2020 as follows:

Accounting Standard

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

TFRS 16 Leases

Financial Reporting Standard Interpretations

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

3. Change in accounting estimation

During the current period, the Group changed the estimated residual value of the vessels. This change was made so that the residual value of the vessels would approximate market value. The effect of the change is to increase net income of the Company and the Group for the three - month period ended 31 March 2019 by Baht 6.1 million and Baht 21.7 million, respectively (Baht 0.007 per share and Baht 0.026 per share, respectively).

4. Trade receivables

The balances of trade receivables - unrelated parties are classified by aging as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
Under 90 days	2,072,956	2,036,573	25,987	2,417
91 - 180 days	87,260	97,959	318	-
181 - 365 days	46,221	54,557	349	527
Over 365 days	75,992	82,077	-	-
Total	2,282,429	2,271,166	26,654	2,944
Less Allowance for doubtful accounts	(55,060)	(56,106)	-	-
Net	<u>2,227,369</u>	<u>2,215,060</u>	<u>26,654</u>	<u>2,944</u>

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
Under 90 days	25,920	28,677	183,592	206,438
91 - 180 days	28,136	15,020	202,546	144,366
181 - 365 days	1,089	-	238,035	188,596
Over 365 days	-	-	270,996	185,853
Total	<u>55,145</u>	<u>43,697</u>	<u>895,169</u>	<u>725,253</u>

(Unaudited but reviewed)

5. Unrealized gain (loss) from changes in the fair value of derivatives

(Unit: Thousand Baht)

	Note	Consolidated financial statement	Separate financial statement
Beginning balance as at 31 December 2018 (audited)		546	546
Unrealized gain on derivatives		(3,550)	(3,550)
Exchange differences on translating financial statement		(22)	(22)
Ending balance as at 31 March 2019 (unaudited but reviewed)	20.1 (2)	<u>(3,026)</u>	<u>(3,026)</u>

6. Investments in subsidiaries, net

(Unit: Million Baht)

Company's name	Paid - up capital		Percentage directly owned by the Company				Dividend for the three - month periods ended	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	31 March 2019	31 March 2018
			Percent	Percent	(Unaudited but reviewed)	(Audited)		
<u>Subsidiaries operating in Thailand</u>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	12	12	-	-
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 5 Million	100	100	5	5	-	-
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	226	230	-	-
d) Regional Container Lines Pte. Ltd.	S\$ 136.5 Million	S\$ 136.5 Million	100	100	5,023	5,120	-	-
e) RCL Feeder Pte. Ltd.	USD 138.6 Million	USD 138.6 Million	27	27	1,086	1,107	-	-
f) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	78	79	-	-
<u>Subsidiary operating in Hong Kong</u>								
g) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	230	235	-	-
					6,660	6,788	-	-
<u>Less</u> : Allowance for impairment					(2)	(2)	-	-
Total investments in subsidiaries, net					<u>6,658</u>	<u>6,786</u>	-	-

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(Unaudited but reviewed)

Movement in the investments in subsidiaries for the three - month period ended 31 March 2019 are summarized below:

	(Unit: Thousand Baht)
Investment as at 31 December 2018 (audited)	6,786,353
<u>Less</u> :Allowance for impairment	(2,356)
Exchange differences on translating financial statement	(125,609)
Investment as at 31 March 2019 (unaudited but reviewed)	<u><u>6,658,388</u></u>

In the first quarter of 2018, RCL Service S.A. the debt of the Company of USD 2.42 million (approximately Baht 76.42 million) and liquidated. As a result, the Company recognized gain from dissolution of the subsidiary as follows:

	(Unit: Thousand Baht)
Gain from debt remitted	76,424
<u>Less</u> :Loss on dissolution of subsidiary	(1,547)
<u>Less</u> :Allowance for impairment of investments in subsidiary that invested in the dissolved subsidiary	(2,352)
Gain on dissolution of subsidiary, net	<u><u>72,525</u></u>

7. Investments in associates and joint venture

7.1 Investments in associates

Company's name	Paid - up capital		Percentage directly owned by the Company		Cost method		Equity method		Dividend for the three - month periods ended	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	31 March 2019	31 March 2018
			Percent	Percent	(Unaudited but reviewed)	(Audited)				
<u>Investment in associates of the Company</u>										
TIPS Co., Ltd.	Baht	Baht								
(Port operating)	100	100								
	Million	Million	22	22	53	54	328	341	22	45
Total investment in associates of the Company					53	54	328	341	22	45
<u>Investment in associates of the subsidiaries</u>										
PT Daerah Indah Shipping	USD	USD								
(Ship agency)	0.75	0.75								
	Million	Million	49	49	12	12	12	12	-	-
Pu Chao Container Terminal Co., Ltd.	Baht 30	Baht 30								
(Port operating)	Million	Million	49	49	15	15	-	-	-	-
Total investment in associates of the subsidiaries					27	27	12	12	-	-
Total investment in associates					80	81	340	353	22	45

(Unaudited but reviewed)

Movements in the investment in associates for the three - month period ended 31 March 2019 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2018 (audited)	353,353	53,782
Dividend income	(22,148)	-
Share of profit under equity method	15,678	-
Exchange differences on translating financial statement	(6,759)	(1,014)
Investment as at 31 March 2019 (unaudited but reviewed)	<u>340,124</u>	<u>52,768</u>

7.2 Investments in joint venture

Company's name	Paid - up capital		Percentage directly owned by the Company		Equity method		(Unit: Million Baht) Dividend for the three - month periods ended	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018	31 March 2019	31 March 2018
			Percent	Percent				
<u>Investment in joint venture of the subsidiaries</u>								
RCL Agencies (India) Private Limited	INR	INR						
(Shipping agent and providing transportation and cargo handling services)	40 Million	40 Million	55	55	70	62	-	-
Total investment in joint venture					<u>70</u>	<u>62</u>	<u>-</u>	<u>-</u>

Movements in the investment in joint venture for the three - month period ended 31 March 2019 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2018 (audited)	62,085	-
Dividend income	-	-
Share of profit under equity method	9,165	-
Exchange differences on translating financial statement	(1,140)	-
Investment as at 31 March 2019 (unaudited but reviewed)	<u>70,110</u>	<u>-</u>

8. Property, premises, vessels and equipment, net8.1 Property and premises, net

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Net book value as at 31 December 2018 (audited)	307,838	424
<u>Add</u> Acquisitions during period - at cost	65	-
<u>Less</u> Depreciation for the period	(1,527)	-
Exchange differences on translating financial statement	(6,227)	(8)
Net book value as at 31 March 2019 (unaudited but reviewed)	<u>300,149</u>	<u>416</u>

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

8.2 Vessels and equipment, net

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Net book value as at 31 December 2018 (audited)	12,949,722	5,264,905
<u>Add</u> Acquisitions during period - at cost	19,347	18,902
<u>Less</u> Sale during period - at net book value	(115,891)	(115,891)
Depreciation for the period	(350,278)	(95,604)
Exchange differences on translating financial statement	(245,444)	(99,919)
Net book value as at 31 March 2019 (unaudited but reviewed)	<u>12,257,456</u>	<u>4,972,393</u>

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

As at 31 March 2019 and 31 December 2018, the subsidiary in Singapore has containers acquired under finance lease agreements, with net book value amounting to USD 48.4 million (approximately Baht 1,536.0 million) and USD 51.2 million (approximately Baht 1,655.7 million), respectively (the Company only : amounted to approximately Baht - million an Baht - million, respectively).

During the first quarter of 2018, a subsidiary in Singapore sold containers which the gain on the sale was USD 0.4 million (approximately Baht 13.0 million).

During the first quarter of 2019 a subsidiary in Singapore sold containers which the gain on the sale was USD 0.7 million (approximately Baht 20.7 million).

(Unaudited but reviewed)

Depreciation in the statements of income for the three - month period ended 31 March 2019 and 2018 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Depreciation included in				
Cost of freight and operations	348,312	375,526	95,102	99,363
Administrative expenses	3,493	3,320	502	354
Total	<u>351,805</u>	<u>378,846</u>	<u>95,604</u>	<u>99,717</u>

(Unit : Thousand USD)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Depreciation included in				
Cost of freight and operations	11,011	11,893	3,006	3,147
Administrative expenses	110	105	16	11
Total	<u>11,121</u>	<u>11,998</u>	<u>3,022</u>	<u>3,158</u>

9. Intangible assets, net

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<u>Computer software</u>		
Net book value as at 31 December 2018 (audited)	-	-
<u>Add</u> Increased during period - at cost	-	-
<u>Less</u> Amortization for the period	-	-
Exchange differences on translating financial statement	-	-
Net book value as at 31 March 2019 (unaudited but reviewed)	<u>-</u>	<u>-</u>

As at 31 March 2019 and 31 December 2018, computer software have been fully amortized but are still in use. The original cost of those asset amounted to approximately Baht 334 million and Baht 340 million, respectively.

10. Short - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
Loans from financial institution no. 1	450,000	350,000	450,000	350,000
Loans from financial institution no. 2	114,264	-	-	-
Loans from financial institution no. 3	571,320	582,300	-	-
Total	<u>1,135,584</u>	<u>932,300</u>	<u>450,000</u>	<u>350,000</u>

As at 31 March 2019 and 31 December 2018, loans from financial institution no. 1 are promissory note with interest at the rate of MLR% p.a., which is unsecured.

As at 31 March 2019, loans from financial institution no. 2 is short - term loan amounting to USD 3.6 million, with interest at the rate of LIBOR+4.15% p.a., is secured by office building subsidiaries.

As at 31 March 2019 and 31 December 2018, loans from financial institution no. 3 is short - term loan amounting to USD 18 million, with interest at the rate of LIBOR+1.80% p.a., which is unsecured.

11. Liabilities under finance lease agreements

	Consolidated		Separate	
	financial statements		Financial statements	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities under finance lease agreements	1,850,647	1,987,216	-	-
<u>Less</u> : deferred interest	(237,841)	(264,899)	-	-
	1,612,806	1,722,317	-	-
<u>Less</u> : current portion due within one year	(324,540)	(326,336)	-	-
Liabilities under finance lease agreements net of current portion	1,288,266	1,395,981	-	-

(Unit : Thousand Baht)

	Consolidated financial statements					
	As at 31 March 2019			As at 31 December 2018		
	(Unaudited but reviewed)			(Audited)		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
1 - 5 years	1,072,359	151,000	1,223,359	1,134,852	168,207	1,303,059
Over 5 years	215,907	9,485	225,392	261,129	13,408	274,537
Total	1,288,266	160,485	1,448,751	1,395,981	181,615	1,577,596

(Unit : Thousand Baht)

	Separate financial statements					
	As at 31 March 2019			As at 31 December 2018		
	(Unaudited but reviewed)			(Audited)		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
1 - 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	-	-	-	-	-

12. Long - term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<u>Loans of the Company</u>				
1) USD 4.5 million loan (2018: USD 5.3 million), repayable quarterly until the year 2020.	142,830	169,837	142,830	169,837
2) USD 14.0 million loan (2018: USD 15.5 million), repayable quarterly until the year 2021.	443,339	499,915	443,339	499,915
3) USD 16.9 million loan (2018: USD 17.4 million), repayable quarterly until the year 2027.	537,961	564,427	537,961	564,427
4) USD 30.2 million loan (2018: USD 31.2 million), repayable quarterly until the year 2026.	959,373	1,009,288	959,373	1,009,288
5) USD 1.5 million loan (2018: USD - million), repayable quarterly until the year 2026.	47,947	-	47,947	-
<u>Loans of the Singapore Subsidiaries</u>				
6) USD 7.1 million loan (2018: USD 7.6 million), repayable quarterly until the year 2023.	226,624	244,566	-	-
7) USD 7.2 million loan (2018: USD 7.5 million), repayable quarterly until the year 2025.	229,893	243,321	-	-
8) USD 5.6 million loan (2018: USD 5.8 million), repayable quarterly until the year 2025.	176,842	187,171	-	-
9) USD 7.8 million loan (2018: USD 8.1 million), repayable quarterly until the year 2025.	249,051	263,597	-	-
<u>Loan of the Hong Kong Subsidiary</u>				
10) HKD 16.0 million loan (2018: HKD 16.8 million), repayable monthly until the year 2023.	64,496	69,549	-	-
Total	3,078,356	3,251,671	2,131,450	2,243,467
<u>Less</u> : Current portion	(639,353)	(651,584)	(470,641)	(479,686)
Long - term loans, net of current portion	2,439,003	2,600,087	1,660,809	1,763,781

The above loans carry interest at rates based on LIBOR or SIBOR.

(Unaudited but reviewed)

Movements in the long - term loans during the three - month period ended 31 March 2019 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Beginning balance as at 31 December 2018 (audited)	3,251,671	2,243,467
<u>Add</u> Borrowings	47,787	47,787
<u>Less</u> Repayments	(159,257)	(117,269)
Exchange differences on translating financial statement	<u>(61,845)</u>	<u>(42,535)</u>
Ending balance as at 31 March 2019 (unaudited but reviewed)	<u><u>3,078,356</u></u>	<u><u>2,131,450</u></u>

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

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

In October 2017, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 27.4 million (31 March 2019: approximately Baht 870.9 million) which is for the payment of 2 container vessels' construction, at present, the Company has not drawn down the loan.

In October 2018, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 6.5 million (31 March 2019: approximately Baht 206.3 million) which is for the project of purchase and installation "Sulphur Dioxide Scrubber", at present, the Company has drawn down the loan amounting to USD 1.5 million in March 2019.

13. Debtenture

At the Annual General Meeting of Shareholders held on 24 April 2015, the shareholders approved issue and offer debtentures not exceeding Baht 3,000 million and not longer than 7 years from the date of each issuance. The terms and conditions of the debtentures shall be determined by the Board of Directors. Currently, the Company has not issued and offered the said debtentures.

14. Provisions for employee benefits

- Movement in the present value of the provisions for employee benefits for the three - month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provisions for employee benefits at beginning of	35.12	28.30	31.93	25.61
Benefits paid	-	-	-	-
Current service cost and interest	1.71	1.70	1.59	1.58
Provisions for employee benefits at end of periods	<u>36.83</u>	<u>30.00</u>	<u>33.52</u>	<u>27.19</u>

- Expenses recognized in the statements of income for the three - month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current service costs	1.51	1.50	1.41	1.40
Interest cost	0.20	0.20	0.18	0.18
Total	<u>1.71</u>	<u>1.70</u>	<u>1.59</u>	<u>1.58</u>

- Principal actuarial assumptions as at 31 March 2019 and 31 December 2018 are as follows:

	Percent	
	Consolidated	Separate
	financial statements	financial statements
Discount rate	2.81	2.81
Salary increase rate	5 - 6.00	6.00
Employee turnover rate	0 - 24.00*	2 - 24.00*
Mortality rate	TMO2017**	TMO2017**

* Based on the weighted average by age group of employees

** Reference from TMO2017 : Thai Mortality Ordinary Table of 2017

- Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate, employee turnover rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of 31 March 2019 as follows:

- If the discount rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 0.86 million (increase Baht 0.98 million) and Separate financial statements would decrease Baht 0.78 million (increase Baht 0.89 million).
- If the salary increase rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would increase Baht 1.20 million (decrease Baht 1.05 million) and Separate financial statements would increase Baht 1.09 million (decrease Baht 0.96 million).
- If the employee turnover rate increases (decrease) by 10%, the provisions for employee benefits in Consolidated financial statements would decrease Bath 0.40 million (increase Bath 0.44 million) and Separate financial statements would decrease Baht 0.38 million (increase Baht 0.42 million).
- If the mortality rate increases (decrease) by one year for all employees, the provisions for employee benefits in Consolidated financial statements would increase Baht 0.04 million (decrease Baht 0.04 million) and Separate financial statements would increase Baht 0.03 million (decrease Baht 0.04 million).

In presenting the above sensitivity analysis, the present value of the provisions for employee benefits has been calculated by using the same method that applied in calculating the provisions for employee benefits recognized in the statement of financial position.

Labour Protection Act has announced in the Government Gazette on 5 April 2019, which is effective dated 5 May 2019. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. The provisions for employee benefits of the Company and a subsidiary in Thailand which calculated up to 31 March 2019 will be increased in approximately amount of Baht 9.24 million (the Company will be increased in approximately amount of Baht 8.87 million). The amount shall be recorded as expense in the statement of income in the 2nd quarter of year 2019 on the effective date of the Act.

15. Related party transactions

- a) The Group has business dealings with its customers through regional shipping agents (third parties and related companies) of which a substantial part is through its related companies, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Group and those companies.
- b) In addition to the matter discussed in (a), during the periods, the Group had other significant business transactions with its related parties. The transactions are summarised below:

(Unit: Million Baht)

	For the three - month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	183	88	Market price as at agreement date
Ship management fee	-	-	2	2	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	27	40	-	-	Price approximates market price
Terminal operating service	57	46	-	-	Price per tariff minus volume discount
Logistic service fees	11	3	-	-	Price approximates market price
Office rental	2	2	2	2	Contract price

(Unaudited but reviewed)

The outstanding balances of the above transactions have been presented in the statements of financial position as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
<u>Trade receivables - related parties</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	895	725
<u>Related parties</u>				
Ngow Hock Co., Ltd.	13	-	-	-
Siam Paetra International Co., Ltd	39	44	-	-
RCL Agencies (India) Private Limited	3	-	-	-
	<u>55</u>	<u>44</u>	<u>-</u>	<u>-</u>
<u>Other receivables - related parties</u>				
- <u>Receipt on behalf of the Company</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	1,097	899
Regional Container Lines Pte. Ltd.	-	-	6	6
	<u>-</u>	<u>-</u>	<u>1,103</u>	<u>905</u>
- <u>Advances payment</u>				
<u>Subsidiary</u>				
RCL Shipmanagement Pte. Ltd.	-	-	31	30
<u>Trade payables - related parties</u>				
<u>Related parties</u>				
Ngow Hock Co., Ltd.	1	77	-	-
RCL Agencies (India) Private Limited	-	7	-	-
Others	4	4	-	-
	<u>5</u>	<u>88</u>	<u>-</u>	<u>-</u>
<u>Advance from related parties</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	3,927	3,713
RCL Shipmanagement Pte. Ltd.	-	-	590	570
Regional Container Lines Pte. Ltd.	-	-	9	9
	<u>-</u>	<u>-</u>	<u>4,526</u>	<u>4,292</u>
<u>Payable on purchase of assets</u>				
<u>Subsidiary</u>				
Regional Container Lines Pte. Ltd.	-	-	84	86

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c) Management benefit expenses

Management benefit expenses consist the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange.

Management benefit expenses for the three - month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short - term employee benefits	9	8	5	5

16. Tax expenses

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.

The corporate income tax rate being used by the Company and its subsidiaries in Thailand 20% on the net income of those operations which are not eligible for the above tax exemption.

Corporate income tax of the overseas subsidiaries and associate has been calculated by applying the applicable statutory rates of the relevant countries.

As at 31 March 2019 and 31 December 2018 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency, provisions for employee benefits and unused tax losses totaling Baht 209.69 million and Baht 129.86 million, respectively, (Separate Baht 69.31 million and Baht 22.12 million, respectively). However, the Group did not recognize deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilized including almost income of the Group being exempted from income tax, except a subsidiary in Thailand which recognized deferred tax assets amounted Baht 3.60 million and Baht 3.58 million, respectively.

(Unaudited but reviewed)

Tax expense (income) for the three - month periods ended 31 March 2019 and 2018, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current tax expense	4,032	2,265	-	-
Deferred tax expense (income) of temporary differences	(25)	(2,965)	-	-
Tax expense (income) reported in the statement of income	<u>4,007</u>	<u>(700)</u>	<u>-</u>	<u>-</u>

As at 31 March 2019 and 31 December 2018, the components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
<u>Deferred tax assets</u>		
Allowance for impairment of investment	2,940	2,940
Provisions for employee benefits	662	637
Total	<u>3,602</u>	<u>3,577</u>
<u>Deferred tax liabilities</u>		
Property and premises, net	<u>8,450</u>	<u>8,633</u>

17. Financial information by segment

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

(Unit: Million Baht)

Consolidated financial statements												
For the three - month period ended 31 March												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from external customers	122	165	4,071	3,880	11	12	4,204	4,057	-	-	4,204	4,057
Inter - segment revenues	183	88	285	206	5	5	473	299	(473)	(299)	-	-
Freight income	305	253	4,356	4,086	16	17	4,677	4,356	(473)	(299)	4,204	4,057
Segment gross profit (loss)	50	(4)	170	38	13	14	233	48	(3)	(12)	230	36
Gain (loss) on exchange rate											15	3
Gain on sales of assets											21	13
Unrealized gain (loss) on derivatives											(3)	2
Other income											4	7
Share of profit (loss) from investments in associates											16	23
Share of profit (loss) from investments in joint venture											9	7
Administrative expenses											235	229
Loss on dissolution of subsidiary											-	4
Finance costs											81	50
Tax expenses (income)											4	(1)
Profit (loss) for the periods											(28)	(191)

(Unit: Million Baht)

Consolidated financial statements												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Property, premises, vessels and equipment, net	4,976	5,269	7,163	7,549	186	191	12,325	13,009	233	248	12,558	13,257
Others											4,935	5,039
Total assets											17,493	18,296

18. Commitments and contingent liabilities18.1 Commitments

- (a) As at 31 March 2019, the Company and its subsidiary in Thailand have outstanding commitments relating to the lease agreements for buildings of approximately Baht 13 million (31 December 2018: Baht 15 million) in respect of lease agreements, and subsidiaries in Singapore has outstanding commitments of USD 23 million or approximately Baht 739 million (31 December 2018 USD 30 million or approximately Baht 955 million) in respect of the following agreements.

(Unit: Million Baht)

Payment period	Charter hire	Container lease	Other rental	Total
Within 1 year	496	-	34	530
During 1 - 5 years	179	-	30	209
Over than 5 years	-	-	-	-
Total	675	-	64	739

- (b) As at 31 March 2019, a subsidiary in Singapore has bunker purchase commitments amounting to USD 8.2 million or approximately Baht 261.6 million covering the period of April 2019 - June 2019 at 6,000 MT per month (31 December 2018 : USD 23.5 million, or approximately Baht 758.8 million at 6,000 - 11,000 MT per month).
- (c) As at 31 March 2019, the Company and the Group has sulphur scrubber purchase commitments amounting to USD 6.1 million or approximately Baht 194.8 million and amounting to USD 8.4 million or approximately Baht 265.6 million, respectively.

18.2 Guarantees

As at 31 March 2019, the Company has guarantee obligations of USD 121 million, SGD 6 million and HKD 35 million, or approximately Baht 4,108 million (31 December 2018: USD 121 million, SGD 6 million and HKD 35 million or approximately Baht 4,186 million). These guarantees were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have outstanding guarantees totaling USD 41 million and HKD 16 million, or approximately Baht 1,369 million (31 December 2018: USD 44 million and HKD 17 million, or approximately Baht 1,497 million).

19. Shipbuilding contracts

On 5 July 2017, the Company entered into 2 optional vessel building contracts amount of USD 39.2 million (as at 31 March 2019 approximately Baht 1,244.2 million). The payment term of vessel was scheduled in 5th installment periods with different percentages based on the contract price: 10% for the 1st and 2nd installment, 0% for the 3rd installment, 5% for the 4th installment and 75% for the 5th installment (payment upon delivery of the vessel). On 4 January 2018, the Company postponed the delivery date of both vessels to July 2019 and August 2019, respectively.

As at 31 March 2019, the Company had made payment for the above - mentioned contracts amounting to USD 7.8 million (approximately Baht 248.8 million).

20. Financial instruments

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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.

20.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, trade payables, and loans. The financial risks associated with these financial instruments and how they are managed is described below.

(1) Credit risk

Credit risk arises from the inability of customers to meet the payment terms in the normal course of business. Credit limits are set for specific amounts and due care is taken in granting credit. 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 incurring material credit losses from its debt collection.

(2) 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 statements of financial position date. The Group does not hold or issue derivative instruments for speculative or trading purposes.

As at 31 March 2019, the Company had a period - by - period knock out swap and interest rate swap agreement covering the notional amount of USD 21.44 million (31 December 2018: USD 14.72 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 amortized at a rate of USD 2.13 million per quarter over the period from 2020 to 2023.

For the three - month period ended 31 March 2019, the Company had unrealized gain (loss) from changes in the fair value of derivatives (loss) of USD 0.11 million, or approximately Baht 3.55 million (31 March 2018: gain of USD 0.03 million, or approximately Baht 0.99 million). The Company recorded the unrealized gain (loss) in the statements of income.

(3) 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 March 2019 and 31 December 2018, 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.

(4) Commodity price risk

Bunker cost represents a major component of the operational costs of a subsidiary in Singapore. Hence the said subsidiary is exposed to bunker price fluctuations. As at 31 March 2019, a subsidiary in Singapore has taken protection against the higher price risk with the physical bunker forward purchase contract within the certain limit in accordance with the Group's policy. The physical bunker forward purchase policy which blends interval forward with spot purchase has provide the Group with a less risk exposure to bunker price. And a subsidiary has outstanding commitments under the above purchase contract as described in note 18.1 (b) to the interim financial statements.

20.2 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.

21. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt - to - equity ratio also to comply with a condition in the long - term loan agreements, which require the Company to maintain a consolidated debt - to - equity ratio of not more than 1.5 : 1.

As at 31 March 2019, the Group's debt - to - equity ratio was 1.13 : 1 (31 December 2018 : 1.18 : 1) and the Company's was 1.07 : 1 (31 December 2018 : 1.02 : 1).

22. Functional currency financial statements

The USD functional currency statements of financial position as at 31 March 2019 and 31 December 2018 and the statements of income for the three - month periods ended 31 March 2019 and 2018, are as follows:

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position**

As at 31 March 2019

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	33,248	37,167	507	653
Trade receivables - unrelated parties	71,910	70,206	840	91
<u>Less: allowance for doubtful accounts</u>	(1,735)	(1,734)	-	-
Trade receivables - unrelated parties, net	70,175	68,472	840	91
Trade receivables - related parties	1,737	1,351	28,203	22,419
Other receivables				
- Dividend receivable	700	-	700	-
- Other	14,555	15,088	36,436	29,627
Material supplies	9,637	10,270	540	556
Other current assets	1,403	1,312	15	35
Total current assets	131,455	133,660	67,241	53,381
Non - current assets				
Property investments held for long - term investmer	156	157	-	-
Investments in subsidiaries, net	-	-	209,779	209,779
Investments in associates	10,716	10,923	1,663	1,663
Investments in joint venture	2,209	1,919	-	-
Other long - term investments	338	338	-	-
Property and premises, net	9,456	9,516	13	13
Vessels and equipment, net	386,183	400,301	156,660	162,748
Intangible assets, net	-	-	-	-
Other non - current assets				
- Advance for vessel constructions	9,760	8,270	9,760	8,270
- Other	853	483	443	77
Total non - current assets	419,671	431,907	378,318	382,550
Total assets	551,126	565,567	445,559	435,931

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position (continued)**

As at 31 March 2019

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short - term loans from financial institutions	35,778	28,819	14,178	10,819
Trade payables - unrelated parties	97,122	108,338	1,716	1,840
Trade payables - related parties	169	2,722	-	-
Other payables				
- Accrued expenses	2,997	2,469	729	492
- Advance receipt	75	132	142,687	132,819
- Payable on purchase of assets	926	2,388	3,111	3,230
Current portion of liabilities				
under financial lease agreement	10,225	10,088	-	-
Current portion of long - term loans	20,143	20,142	14,828	14,828
Provision for onerous contracts	1,426	1,426	-	-
Income tax payable	144	88	-	-
Other current liabilities	4,063	4,156	129	98
Total current liabilities	173,068	180,768	177,378	164,126
Non - current liabilities				
Liabilities under financial lease agreements,				
net of current portion	40,588	43,152	-	-
Long - term loans, net of current portion	76,843	80,374	52,325	54,522
Provisions for employee benefits	1,160	1,086	1,056	987
Deferred tax liabilities	266	267	-	-
Total non - current liabilities	118,857	124,879	53,381	55,509
Total liabilities	291,925	305,647	230,759	219,635

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position (continued)**

As at 31 March 2019

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
828,750,000 ordinary shares	25,834	25,834	25,834	25,834
Issued and fully paid - up				
828,750,000 ordinary shares	25,834	25,834	25,834	25,834
Share premium	173,890	173,890	173,890	173,890
Retained earnings				
Appropriated - legal reserve	1,943	1,943	1,943	1,943
Unappropriated	99,834	100,709	13,133	14,629
Other components of equity	(42,516)	(42,692)	-	-
Total equity of parent Company's shareholders	258,985	259,684	214,800	216,296
Non - controlling interests	216	236	-	-
Total shareholders' equity	259,201	259,920	214,800	216,296
Total liabilities and shareholders' equity	551,126	565,567	445,559	435,931

Regional Container Lines Public Company Limited and its subsidiaries

Statement of income

For the three - month period ended 31 March 2019

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three - month periods ended 31 March		For the three - month periods ended 31 March	
	2019	2018	2019	2018
Revenues				
Freight income	132,908	128,487	8,379	6,604
Other incomes				
Gain on exchange rate	463	107	-	-
Dividend income	-	-	700	1,420
Gain on sales of assets	648	410	-	-
Gain on dissolution of subsidiary, net	-	-	-	2,297
Interest income	26	56	-	2
Unrealized gain on derivatives	-	31	-	31
Others	105	195	-	-
Total revenues	134,150	129,286	9,079	10,354
Expenses				
Cost of freight and operations	125,631	127,357	7,112	7,090
Administrative expenses	7,415	7,243	1,977	1,913
Others expense				
Loss on exchange rate	-	-	167	277
Loss on dissolution of subsidiary	-	123	-	-
Loss on sales of assets	-	-	8	-
Unrealized loss on derivatives	112	-	112	-
Finance costs	2,548	1,586	1,199	921
Total expenses	135,706	136,309	10,575	10,201
Share of profit (loss) from investments in associates	496	724	-	-
Share of profit (loss) from investments in joint venture	290	219	-	-
Profit (loss) before income tax expense	(770)	(6,080)	(1,496)	153
Tax expense (income)	127	(22)	-	-
Profit (loss) for the periods	(897)	(6,058)	(1,496)	153
Profit (loss) attributable to:				
Equity holders of the parent	(875)	(6,070)	(1,496)	153
Non - controlling interests	(22)	12	-	-
	(897)	(6,058)	(1,496)	153
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the parent (USD)	(0.0011)	(0.0073)	(0.0018)	0.0002
The weighted average number of ordinary shares (thousand share)	828,750	828,750	828,750	828,750

23. Approval of financial statements

These interim financial statements were authorized for issue by the Company's Board of Directors on 10 May 2019.

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