

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

(1) I have reviewed the accompanying consolidated statement of financial position as of June 30, 2020 of Regional Container Lines Public Company Limited and its subsidiaries, the related consolidated statements of income and comprehensive income for the three - month and six - month periods ended June 30, 2020, the statements of changes in equity and cash flows for the six - month period ended June 30, 2020, as well as the condensed notes to the consolidated financial statements, and I have also reviewed the separate financial information for the same periods 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 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

(2) 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

(3) 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 “Interim Financial Reporting”.

Other matter

(4.1) The consolidated interim financial statement of Regional Container Lines Public Company Limited and its subsidiaries and the interim separate financial statement of Regional Container Lines Public Company Limited for the three - month and six - month periods ended June 30, 2020 presented herein for comparison, were reviewed by another auditor in my office, in accordance with Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and he drew a conclusion from the review under his report dated August 9, 2019 that nothing had come to his attention that caused him 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”.

(4.2) The consolidated statement of financial position of Regional Container Lines Public Company Limited and its subsidiaries and the separate statement of financial position of Regional Container Lines Public Company Limited as of December 31, 2019, presented herein for comparison, have been derived from such financial statements, which audited by another auditor in my office and reported in accordance with Standards on Auditing and expressed an unqualified opinion in his report dated February 21, 2020. I have not performed any other audit procedures subsequent such report date.

(NATSARAK SAROCHANUNJEEN)
Certified Public Accountant
Registration No. 4563

A.M.T. & ASSOCIATES
Bangkok, Thailand
August 14, 2020

Regional Container Lines Public Company Limited and its subsidiaries
Statements of financial position
As at 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,735,707	1,144,027	60,340	57,865
Trade receivables - unrelated parties		1,712,410	1,926,555	12,013	11,598
<u>Less: allowance for doubtful accounts</u>		(61,012)	(56,584)	-	-
Trade receivables - unrelated parties, net	5	1,651,398	1,869,971	12,013	11,598
Trade receivables - related parties		56,905	32,557	965,257	374,871
<u>Less: allowance for doubtful accounts</u>		(9,832)	(9,599)	-	-
Trade receivables - related parties, net	5 and 16	47,073	22,958	965,257	374,871
Other receivables	16	279,337	390,311	202,256	101,256
Material supplies		172,851	235,940	23,587	17,844
Other current assets	16	44,293	43,424	286	231
Total current assets		3,930,659	3,706,631	1,263,739	563,665
Non - current assets					
Other non - current financial assets	3.1	10,496	-	-	-
Property investments held for investment		4,814	4,710	-	-
Investments in subsidiaries, net	7	-	-	6,346,087	6,173,149
Investments in associates	8.1	368,700	339,189	51,647	50,426
Investments in joint ventures	8.2	126,119	106,425	-	-
Other long - term investments	3.1	-	10,248	-	-
Property and premises, net	9.1, 12 and 13	289,142	284,411	407	397
Vessels and equipment, net	3.2, 9.2, 12 and 13	11,083,725	12,467,107	5,995,269	5,790,378
Right - of - use assets, net	3.2 and 10	1,476,317	-	9,617	-
Intangible assets, net	11	-	-	-	-
Other non - current assets					
- Payment of advances for equipment	19.1 (c)	103,350	111,000	103,350	111,000
- Others		8,159	7,864	2,614	2,554
Total non - current assets		13,470,822	13,330,954	12,508,991	12,127,904
Total assets	22	17,401,481	17,037,585	13,772,730	12,691,569

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 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short - term loans from financial institutions	12	1,119,468	1,103,336	450,000	450,000
Trade payables - unrelated parties		3,061,199	3,151,410	94,377	48,806
Trade payables - related parties	16	5,723	10,958	-	-
Other payables					
- Accrued expenses		96,199	76,006	45,551	22,723
- Advance receipt	16	1,899	481	3,973,702	3,151,723
- Payable on purchase of assets	16	176,798	100,172	230,502	120,915
Current portion of long - term loans	13	727,838	743,103	544,134	572,730
Current portion of lease liabilities	3.2 and 14	467,823	354,252	4,124	-
Provision for onerous contracts	3.2 and 10	-	43,248	-	-
Income tax payable		3,032	2,416	-	-
Other current liabilities	3.1 and 6	165,399	129,896	1,207	10,330
Total current liabilities		5,825,378	5,715,278	5,343,597	4,377,227
Non - current liabilities					
Long - term loans, net of current portion	13	2,607,775	2,667,620	1,987,829	2,009,911
Lease liabilities, net of current portion	3.2 and 14	1,091,389	1,189,773	5,731	-
Deferred tax liabilities	17	8,638	8,393	-	-
Provisions for employee benefits	15	53,535	51,152	48,867	46,905
Other non - current financial liabilities	3.1 and 6	10,919	-	10,919	-
Total non - current liabilities		3,772,256	3,916,938	2,053,346	2,056,816
Total liabilities	22	9,597,634	9,632,216	7,396,943	6,434,043

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 30 June 2020

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(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	2,722,733	2,495,401	1,136,466	1,170,506
Other components of equity	(802,688)	(973,060)	(638,693)	(790,994)
Total equity of parent Company's shareholders	7,798,059	7,400,355	6,375,787	6,257,526
Non - controlling interests	5,788	5,014	-	-
Total shareholders' equity	7,803,847	7,405,369	6,375,787	6,257,526
Total liabilities and shareholders' equity	17,401,481	17,037,585	13,772,730	12,691,569

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

..... DIRECTOR DIRECTOR

(Unaudited but reviewed)

Regional Container Lines Public Company Limited and its subsidiaries

Statements of changes in equity

For the six - month period ended 30 June 2020

(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 of the parent Company's shareholder	Non - controlling interests	Total shareholder's equity
		Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)				
				Exchange differences on translating financial statement				
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	-	-	-	(16,474)	(423,887)	(440,361)	(1,911)	(442,272)
Balance as at 30 June 2019	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>2,970,673</u>	<u>(888,255)</u>	<u>7,960,432</u>	<u>5,720</u>	<u>7,966,152</u>
Balance as at 1 January 2020	828,750	4,982,964	66,300	2,495,401	(973,060)	7,400,355	5,014	7,405,369
Total comprehensive income (loss) for the period	-	-	-	227,332	170,372	397,704	774	398,478
Balance as at 30 June 2020	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>2,722,733</u>	<u>(802,688)</u>	<u>7,798,059</u>	<u>5,788</u>	<u>7,803,847</u>

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

.....DIRECTORDIRECTOR

(Unaudited but reviewed)

Regional Container Lines Public Company Limited and its subsidiaries
Statements of changes in equity (continued)
For the six - month period ended 30 June 2020

(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 2019	828,750	4,982,964	66,300	1,481,617	(362,439)	6,997,192
Total comprehensive income (loss) for the period	-	-	-	(83,421)	(354,453)	(437,874)
Balance as at 30 June 2019	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>1,398,196</u>	<u>(716,892)</u>	<u>6,559,318</u>
Balance as at 1 January 2020	828,750	4,982,964	66,300	1,170,506	(790,994)	6,257,526
Total comprehensive income (loss) for the period	-	-	-	(34,040)	152,301	118,261
Balance as at 30 June 2020	<u>828,750</u>	<u>4,982,964</u>	<u>66,300</u>	<u>1,136,466</u>	<u>(638,693)</u>	<u>6,375,787</u>

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

.....DIRECTORDIRECTOR

Regional Container Lines Public Company Limited and its subsidiaries
Statements of income
For the three - month period ended 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the three - month periods ended 30 June		For the three - month periods ended 30 June	
		2020	2019	2020	2019
Revenues					
Freight income	16	3,885,379	4,239,966	325,122	282,226
Other incomes					
Gain on exchange rate		-	7,715	-	-
Dividend income	7	-	-	-	29,730
Gain on sales of assets	9.2	15,780	24,265	-	-
Interest income		940	1,185	38	52
Others		26,340	23,608	-	-
Total revenues		3,928,439	4,296,739	325,160	312,008
Expenses					
Cost of freight and operations	16	3,442,670	3,978,601	262,976	215,563
Administrative expenses	16	182,178	239,816	63,338	73,994
Other expenses					
Loss on exchange rate		17,724	-	28,225	16,383
Loss on impairment of assets	9.2	11,436	-	-	-
Total expenses		3,654,008	4,218,417	354,539	305,940
Profit (loss) from operating activities		274,431	78,322	(29,379)	6,068
Finance costs		(73,851)	(78,689)	(35,631)	(37,600)
Gain (loss) from changes in fair value of derivatives	6	669	(4,542)	669	(4,542)
Reversal of impairment loss (impairment loss) determined in accordance with TFRS 9	5	(7,164)	-	-	-
Share of profit (loss) from investments in associates	8.1	16,460	6,178	-	-
Share of profit (loss) from investments in joint ventures	8.2	7,917	11,940	-	-
Profit (loss) before income tax expenses		218,462	13,209	(64,341)	(36,074)
Tax income (expenses)	17	(3,262)	(1,768)	-	-
Profit (loss) for the periods	22	215,200	11,441	(64,341)	(36,074)
Profit (loss) for the periods attributable to:					
Equity holders of the parent		215,079	11,212	(64,341)	(36,074)
Non - controlling interests		121	229	-	-
		215,200	11,441	(64,341)	(36,074)
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the parent (Baht)		0.26	0.01	(0.08)	(0.04)
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 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three - month periods ended 30 June		For the three - month periods ended 30 June	
	2020	2019	2020	2019
Profit (loss) for the periods	215,200	11,441	(64,341)	(36,074)
Other comprehensive income (loss) :				
Items that will be reclassified subsequently to profit or loss :				
Exchange differences on translating financial statement	(431,531)	(272,323)	(364,501)	(222,355)
Total items that will be reclassified subsequently to profit or loss	(431,531)	(272,323)	(364,501)	(222,355)
Other comprehensive income (loss) for the periods	(431,531)	(272,323)	(364,501)	(222,355)
Total comprehensive income (loss) for the periods	(216,331)	(260,882)	(428,842)	(258,429)
Total comprehensive income (loss) for the periods attributable to :				
Equity holders of the parent	(216,272)	(259,738)	(428,842)	(258,429)
Non - controlling interests	(59)	(1,144)	-	-
	(216,331)	(260,882)	(428,842)	(258,429)

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

..... DIRECTOR DIRECTOR

(Unaudited but reviewed)

Regional Container Lines Public Company Limited and its subsidiaries
Statements of income
For the six - month period ended 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the six - month periods ended 30 June		For the six - month periods ended 30 June	
		2020	2019	2020	2019
Revenues					
Freight income	16	8,086,425	8,445,767	658,708	547,604
Other incomes					
Gain on exchange rate		26,842	22,377	9,605	-
Dividend income	7 and 8.1	-	-	-	51,878
Gain on sales of assets	9.2	34,071	44,772	-	-
Interest income		1,737	2,002	40	53
Others		28,746	26,915	-	-
Total revenues		8,177,821	8,541,833	668,353	599,535
Expenses					
Cost of freight and operations	16	7,380,308	7,954,188	493,707	440,885
Administrative expenses	16	429,132	474,337	128,069	136,783
Other expenses					
Loss on exchange rate		-	-	-	21,681
Loss on impairment of assets	9.2	11,436	-	-	-
Total expenses		7,820,876	8,428,525	621,776	599,349
Profit (loss) from operating activities		356,945	113,308	46,577	186
Finance costs					
Gain (loss) from changes in fair value of derivatives	6	(4,230)	(8,092)	(4,230)	(8,092)
Reversal of impairment loss (impairment loss)					
determined in accordance with TFRS 9	5	(3,212)	(41)	-	-
Share of profit (loss) from investments in associates	8.1	21,839	21,856	-	-
Share of profit (loss) from investments in joint ventures	8.2	17,513	21,105	-	-
Profit (loss) before income tax expenses		233,672	(11,176)	(34,040)	(83,421)
Tax income (expenses)	17	(5,774)	(5,775)	-	-
Profit (loss) for the periods	22	227,898	(16,951)	(34,040)	(83,421)
Profit (loss) for the periods attributable to:					
Equity holders of the parent		227,332	(16,474)	(34,040)	(83,421)
Non - controlling interests		566	(477)	-	-
		227,898	(16,951)	(34,040)	(83,421)
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the parent (Baht)		0.27	(0.02)	(0.04)	(0.10)
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.

..... DIRECTOR DIRECTOR

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(Unaudited but reviewed)

Regional Container Lines Public Company Limited and its subsidiaries
Statements of comprehensive income
For the six - month period ended 30 June 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	For the six - month periods		For the six - month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
Profit (loss) for the periods	227,898	(16,951)	(34,040)	(83,421)
Other comprehensive income (loss) :				
Items that will be reclassified subsequently to profit or loss :				
Exchange differences on translating financial statement	170,580	(425,321)	152,301	(354,453)
Total items that will be reclassified subsequently to profit or loss	170,580	(425,321)	152,301	(354,453)
Other comprehensive income (loss) for the periods	170,580	(425,321)	152,301	(354,453)
Total comprehensive income (loss) for the periods	<u>398,478</u>	<u>(442,272)</u>	<u>118,261</u>	<u>(437,874)</u>
Total comprehensive income (loss) for the periods attributable to :				
Equity holders of the parent	397,704	(440,361)	118,261	(437,874)
Non - controlling interests	774	(1,911)	-	-
	<u>398,478</u>	<u>(442,272)</u>	<u>118,261</u>	<u>(437,874)</u>

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

..... DIRECTOR

Regional Container Lines Public Company Limited and its subsidiaries

Statements of cash flows

For the six - month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six - month periods ended 30 June		For the six - month periods ended 30 June	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) for the periods	227,898	(16,951)	(34,040)	(83,421)
Adjustments to reconcile profit (loss) for the periods to net cash provided by (used in) operating activities:				
Depreciation	764,934	702,716	210,749	191,284
Loss (gain) on sales and write - off of assets	(34,071)	(44,772)	13,975	238
Loss on impairment of assets (reversal)	11,436	-	-	-
Increase (decrease) in allowance for doubtful accounts	3,212	41	-	-
Dividend income	-	-	-	(51,878)
Loss (gain) from change in fair value of derivatives	4,230	-	4,230	-
Unrealized loss (gain) on exchange rate	(6,501)	142,577	(22,161)	21,693
Share of loss (profit) from investments in associates	(21,839)	(21,856)	-	-
Share of loss (profit) from investments in joint ventures	(17,513)	(21,105)	-	-
Provisions for employee benefits	5,198	13,762	4,777	12,592
Interest income	(1,737)	(2,002)	(40)	(53)
Finance costs	155,183	159,312	76,387	75,515
Tax expenses (income)	5,774	5,775	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,096,204	917,497	253,877	165,970
Operating assets decrease (increase)				
Trade receivables - unrelated parties	198,477	207,300	(415)	1,815
Trade receivables - related parties	(24,115)	16,875	(581,308)	(384,179)
Other receivables	110,927	52,237	(98,981)	(335,488)
Material supplies	63,089	51,123	(5,743)	2,420
Other current assets	(835)	1,509	(55)	699
Other non - current assets	(295)	217	(60)	(1)
Operating liabilities increase (decrease)				
Trade payables - unrelated parties	(89,748)	(553,870)	46,027	(13,775)
Trade payables - related parties	(5,235)	(78,212)	-	-
Other payables - accrued expenses	52,815	12,570	3,041	6,590
Advance receipt	1,418	(1,421)	745,666	787,296
Other current liabilities	30,707	215	(2,434)	5,416
Employee benefit obligation paid	(2,815)	-	(2,815)	-
Cash received (paid) from operating activities	1,430,594	626,040	356,800	236,763
Net cash received (paid) for income tax	(5,191)	(8,514)	-	-
Net cash provided by (used in) operating activities	1,425,403	617,526	356,800	236,763

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

Regional Container Lines Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six - month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six - month periods		For the six - month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
Cash flows from investing activities				
Cash received from sales of assets	139,316	160,680	-	115,613
Purchase of property, premises, vessels and equipment	(215,755)	(31,006)	(168,255)	(21,974)
Purchase of right - of - use assets	(29,983)	-	-	-
Payment of payable on purchase of assets	(87,617)	(77,236)	(24,792)	(18,423)
Payment of advances for equipment	-	(182,144)	-	(170,861)
Dividend received	-	22,092	-	51,878
Interest received	1,784	1,795	40	53
Net cash provided by (used in) investing activities	(192,255)	(105,819)	(193,007)	(43,714)
Cash flows from financing activities				
Increase (decrease) in short - term loans from financial institutions	318	213,844	-	92,740
Increase (decrease) in lease liabilities	(300,582)	(159,264)	(1,940)	-
Increase (decrease) in long - term loans	(161,600)	(270,650)	(115,836)	(186,687)
Finance cost paid	(187,805)	(159,399)	(56,600)	(74,922)
Net cash provided by (used in) financing activities	(649,669)	(375,469)	(174,376)	(168,869)
Exchange differences on translating financial statement	8,201	(36,195)	13,058	12,608
Net increase (decrease) in cash and cash equivalents	591,680	100,043	2,475	36,788
Cash and cash equivalents at beginning of periods	1,144,027	1,202,343	57,865	21,119
Cash and cash equivalents at end of periods	1,735,707	1,302,386	60,340	57,907

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION :

Activities not affecting cash :

Decrease in payment of advance for equipment from purchase of vessels and equipment	56,219	-	56,219	-
Increase in payable on purchase of assets from purchase of vessels and equipment	117,890	5,850	64,283	-
Effects of the adopted of TFRS 16 :				
- Increase in right - of - use assets	1,738,387	-	11,789	-
- Decrease in vessels and equipment - net	1,442,088	-	-	-
- Increase in lease liabilities	266,316	-	11,789	-
- Decrease in provision for onerous contracts	43,248	-	-	-

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

Regional Container Lines Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three - month and six - month periods ended 30 June 2020

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 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Group’s management will continue to monitor the ongoing developments and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 34 “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 2019.

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.

1.4 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 2019.

1.5 Financial Reporting Standards which are effective in the current period

During the period, the Group has adopted the revised and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

1.5.1 Financial Reporting Standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Accounting Standard

TAS 32 Financial Instruments: Presentation

Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Financial Reporting Standard Interpretations

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The Group adopted these financial reporting standards which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as of 1 January 2020, and the comparative information was not restated. The cumulative effect of the change is described in Note 3.1 to the interim financial statements.

1.5.2 IFRS 16 “Leases”

IFRS 16 supersedes IAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as of 1 January 2020, and the comparative information was not restated. The cumulative effect of the change is described in Note 3.2 to the interim financial statements.

1.5.3 Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives as follows:

Accounting Standards No. 36: Impairment of Assets

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with IAS 36
- Not to consider the COVID-19 situation as likely impact to future financial forecast for testing impairment of goodwill and an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

Financial Reporting Standards No 9: Financial Instrument

- Not to take into forward - looking information using in measurement of expected credit loss for a simplified approach.
- Use the fair value as at 1 January 2020 for measurement of investment in non - marketable equity which cost is an appropriate estimate of fair value.

2. Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases as follows:

2.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at amortised cost.

Financial assets which are the equity instruments are measured at fair value through profit or loss. Equity securities which intends to hold for the long - term strategic purposes are measured at fair value through other comprehensive income. The accumulated gain (loss) on measurement of these investments will not be reclassified to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets

The Group assesses on a forward - looking basis the expected credit loss associated with its financial assets measured at amortised cost. The Group applies general or simplified approach for credit - impaired consideration which depends on the significant of credit risk.

Initial adoption

The Group adopted these financial reporting standards which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as of 1 January 2020, and the comparative information was not restated. The cumulative effect of the change is described in Note 3.1 to the interim financial statements.

2.2 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

Right - of - use assets

The Group recognises right - of - use assets at the commencement date of the lease. Right - of - use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right - of - use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right - of - use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right - of - use assets are depreciated on a straight - line basis from the commencement date of the lease to the earlier of the end of the useful life of the right - of - use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liabilities are subsequently measured using the effective interest method and by reducing the carrying amount to reflect the lease payments made. The Group recognizes interest from lease liability in the statement of income. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in - substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable by the lessee under residual value guarantees;
- Exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Short - term leases and Leases of low - value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low - value assets, are recognised as expenses on a straight-line basis over the lease term.

The Group as lessor

The Group classifies each of its leases as either a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight - line basis over the lease term.

Sub lease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. It assesses the lease classification of a sub - lease with reference to the right - of - use asset arising from the head lease, not with reference to underlying asset. If a head lease is a short - term lease to which the Group apply the exemption described in “Short - term leases and leases of low - value asset, then it classifies the sub - lease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follows:

- If the sublease is classified as an operating lease, the Group continues to account for the lease liability and right - of - use asset on the head lease like any other lease; or
- If the sublease is classified as a finance lease, the Group derecognise the right - of - use asset on the head lease at the sublease commencement date and continue to account for the original lease liability in the head lease.

Initial adoption

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as of 1 January 2020, and the comparative information was not restated. The cumulative effect of the change is described in Note 3.2 to the interim financial statements.

3. Effect of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 1.5 to the interim financial statements, during the current period, the Group has adopted financial reporting standard related to financial instruments and TFRS 16. The cumulative effect of initially applying this standard is recognised as an adjustment to retained earnings as of 1 January 2020. Therefore, the comparative information was not restated. The impacts on the financial statement from changes in accounting policies due to the adoption of these standards are presented as follows:

3.1 Group of Financial Instruments Standards

The Group has adopted financial reporting standard related to financial instruments as described in Note 1.5.1 to the interim financial statements which have the material impact for the classification of financial assets as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Category
	Classification under previous standards as at	Reclassifications	Classification under TFRS 9 as at	
	31 December 2019		1 January 2020	
Assets				
Other long - term investments	10,248	(10,248)	-	
Other non - current financial assets				
- Non - marketable equity securities	-	10,248	10,248	Financial asset measured at fair value through other comprehensive income
Liabilities				
Other current liabilities	129,896	(6,623)	123,273	
Other non - current financial liabilities				
- Derivatives	-	6,623	6,623	Financial liabilities measured at fair value through profit or loss

Besides, other financial assets and liabilities of the Group are measured at amortized cost.

3.2 TFRS 16 “Leases”

The Group has adopted TFRS16 “Leases” as described in Note 1.5.2 to the interim financial statements as follows:

- The Group recognised a right - of - use and a lease liability previously classified as an operating lease at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application (as of 1 January 2020). Therefore, the comparative information, which presented based on TAS 17, was not restated. The Group recognised the carrying amount of the right - of - use assets and lease liabilities, previously classified as financial leases, based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

- Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low - value assets, are recognised as expenses on a straight - line basis over the lease term.

(Unaudited but reviewed)

Therefore the impacts from adoption of this standard at the date of initial application (as of 1 January 2020) as following:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
<u>Assets</u>		
Increase in right - of - use assets	1,708,404	11,789
Increase in allowance for impairment of right - of - use assets	(43,248)	-
Decrease in vessels and equipment, net	(1,442,088)	-
	<u>223,068</u>	<u>11,789</u>
<u>Liabilities</u>		
Increase in lease liabilities	290,072	12,857
Increase in deferred interest expenses	(23,756)	(1,068)
Decrease in provision for onerous contracts	(43,248)	-
	<u>223,068</u>	<u>11,789</u>

4. 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 Group and the Company for the three - month period ended 30 June 2020 by Baht 19.3 million and Baht 6.6 million, respectively (Baht 0.023 per share and Baht 0.008 per share, respectively) and for the six - month period ended 30 June 2020 by Baht 38.1 million and Baht 13.1 million, respectively (Baht 0.046 per share and Baht 0.016 per share, respectively).

5. Trade receivables

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
Under 90 days	1,514,875	1,669,490	12,013	10,854
91 - 180 days	88,991	56,826	-	-
181 - 365 days	21,076	132,944	-	744
Over 365 days	87,468	67,295	-	-
Total	<u>1,712,410</u>	<u>1,926,555</u>	<u>12,013</u>	<u>11,598</u>
<u>Less</u> Allowance for doubtful accounts	<u>(61,012)</u>	<u>(56,584)</u>	<u>-</u>	<u>-</u>
Net	<u>1,651,398</u>	<u>1,869,971</u>	<u>12,013</u>	<u>11,598</u>

..... DIRECTOR DIRECTOR

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
Under 90 days	47,073	22,972	293,418	283,518
91 - 180 days	-	9,585	287,890	91,353
181 - 365 days	9,832	-	383,949	-
Over 365 days	-	-	-	-
Total	56,905	32,557	965,257	374,871
<u>Less</u> Allowance for doubtful accounts	(9,832)	(9,599)	-	-
Net	<u>47,073</u>	<u>22,958</u>	<u>965,257</u>	<u>374,871</u>

6. Gain (loss) from changes in fair value of derivatives

(Unit: Thousand Baht)

	Note	Consolidated	Separate
		financial statement	financial statement
Beginning balance as at 31 December 2019 (audited)		(6,623)	(6,623)
Gain (loss) from changes in fair value		(4,230)	(4,230)
Exchange differences on translating financial statement		(66)	(66)
Ending balance as at 30 June 2020 (unaudited but reviewed)	20.1 (2)	<u>(10,919)</u>	<u>(10,919)</u>

7. Investments in subsidiaries, net

Company's name	(Unit: Million Baht)							
	Separate financial statements						Dividend for the six - month periods ended	
	Paid - up capital		Percentage directly owned by the Company		Cost			
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	30 June 2020	30 June 2019
			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	-	30
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	221	216	-	-
d) Regional Container Lines Pte. Ltd.	S\$ 136.5 Million	S\$ 136.5 Million	100	100	4,917	4,800	-	-
e) RCL Feeder Pte. Ltd.	USD 138.6 Million	USD 138.6 Million	27	27	1,063	1,038	-	-
f) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	100	49	100	74	-	-
<u>Subsidiary operating in Hong Kong</u>								
g) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	225	220	-	-
					6,543	6,365	-	30
<u>Less</u> : Allowance for impairment					(197)	(192)		
Total investments in subsidiaries, net					6,346	6,173		

Movement in the investments in subsidiaries for the six - month period ended 30 June 2020 are summarized below:

	(Unit: Thousand Baht)
Investment as at 31 December 2019 (audited)	6,173,149
<u>Add</u> Purchase of investments in subsidiary	23,992
Exchange differences on translating financial statement	148,946
Investment as at 30 June 2020 (unaudited but reviewed)	6,346,087

In the 2nd quarter of 2020, the Company purchase of investments in RCL Shipmanagement Pte. Ltd. from RCL Investment Pte. Ltd. with book value.

As at 30 June 2020 and 31 December 2019, the Company provided the allowance for impairment due to plan to close the RCL Investment Pte. Ltd. Which is the subsidiary in Singapore.

8. Investments in associates and joint ventures8.1 Investments in associates

Company's name	Paid - up capital		Percentage directly owned by the Company		Cost method		Equity method		(Unit: Million Baht) Dividend for the six - month periods ended	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December	As at 30 June	As at 31 December	As at 30 June	As at 31 December	30 June	30 June
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			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	52	50	369	337	-	22
Total investment in associates of the Company					52	50	369	337	-	22
<u>Investment in associates of the subsidiaries</u>										
Pu Chao Container Terminal Co., Ltd.	Baht 30	Baht 30								
(Port operating)	Million	Million	49	49	15	15	-	-	-	-
N - Square RCL Logistics Co., Ltd.	Baht 5	Baht 5								
(Warehouse operating)	Million	Million	40	40	2	2	-	2	-	-
Total investment in associates of the subsidiaries					17	17	-	2	-	-
Total investment in associates					69	67	369	339	-	22

Movements in the investment in associates for the six - month period ended 30 June 2020 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2019 (audited)	339,189	50,426
Dividend income	-	-
Share of profit under equity method	21,839	-
Exchange differences on translating financial statement	7,672	1,221
Investment as at 30 June 2020 (unaudited but reviewed)	368,700	51,647

In August 2019, a subsidiary in Thailand invested in a new company in Thailand, named N - Square RCL Logistics Co., Ltd., to manage the warehouse and distribution centers with 40% of share capital amounting Baht 5 million with paid - up capital amounting to Baht 5 million.

8.2 Investments in joint ventures

Company's name	Paid - up capital		Percentage directly owned by the Company		Equity method		(Unit: Million Baht) Dividend for the six - month periods ended	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December	As at 30 June	As at 31 December	30 June	30 June
	2020	2019	2020	2019	2020	2019	2020	2019
			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	40						
	Million	Million	55	55	108	93	-	-
RCL Agencies East India Private Limited	INR	INR						
(Shipping agent and providing transportation and cargo handling services)	15	15						
	Million	Million	55	55	18	13	-	-
Total investment in joint ventures					126	106	-	-

Movements in the investment in joint ventures for the six - month period ended 30 June 2020 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2019 (audited)	106,425	-
Dividend income	-	-
Share of profit under equity method	17,513	-
Exchange differences on translating financial statement	2,181	-
Investment as at 30 June 2020 (unaudited but reviewed)	126,119	-

In April 2019, a subsidiary in Singapore and a foreign company in India had entered into a joint venture agreement to setting up company namely RCL Agencies East India Private Limited, for the purpose of shipping agent and providing transportation and cargo handling services, which has been registered in 1st quarter of year 2019. A subsidiary' shareholding is 55% of share capital. The share capital and paid - up capital amounted Indian Rupee 15 million.

9. Property, premises, vessels and equipment, net9.1 Property and premises, net

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Net book value as at 31 December 2019 (audited)	284,411	397
<u>Add</u> Acquisitions during period - at cost	32	-
<u>Less</u> Depreciation for the period	(3,191)	-
Exchange differences on translating financial statement	7,890	10
Net book value as at 30 June 2020 (unaudited but reviewed)	<u><u>289,142</u></u>	<u><u>407</u></u>

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

9.2 Vessels and equipment, net

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Net book value as at 31 December 2019 (audited)	12,467,107	5,790,378
<u>Add</u> Acquisitions during period - at cost	389,832	288,757
<u>Less</u> Reclassification to right - of - use assets due to the adoption of TFRS 16	(1,442,088)	-
Sale during period - at net book value	(105,245)	(13,975)
Depreciation for the period	(497,797)	(208,616)
Loss on impairment of assets	(11,436)	-
Exchange differences on translating financial statement	283,352	138,725
Net book value as at 30 June 2020 (unaudited but reviewed)	<u><u>11,083,725</u></u>	<u><u>5,995,269</u></u>

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

(Unaudited but reviewed)

Depreciation in the statements of income for the three - month periods ended 30 June 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation included in				
Cost of freight and operations	253,291	347,343	107,063	95,143
Administrative expenses	3,243	3,568	640	538
Total	<u>256,534</u>	<u>350,911</u>	<u>107,703</u>	<u>95,681</u>

(Unit : Thousand USD)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation included in				
Cost of freight and operations	7,884	10,987	3,333	3,010
Administrative expenses	101	113	20	17
Total	<u>7,985</u>	<u>11,100</u>	<u>3,353</u>	<u>3,027</u>

Depreciation in the statements of income for the six - month periods ended 30 June 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation included in				
Cost of freight and operations	494,203	695,655	207,364	190,244
Administrative expenses	6,785	7,061	1,252	1,040
Total	<u>500,988</u>	<u>702,716</u>	<u>208,616</u>	<u>191,284</u>

(Unit : Thousand USD)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation included in				
Cost of freight and operations	15,549	21,998	6,524	6,016
Administrative expenses	213	223	39	33
Total	<u>15,762</u>	<u>22,221</u>	<u>6,563</u>	<u>6,049</u>

(Unaudited but reviewed)

10. Right - of - use assets, net

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 31 December 2019 (audited)	-	-
Effect of the adopted of TFRS 16:		
- Reclassification from vessels and equipment	1,442,088	-
- Recognized from operating leases	266,316	11,789
- Reclassification from provision for onerous contracts	(43,248)	-
Net book value as at 1 January 2020	1,665,156	11,789
<u>Add</u> Increased during period - at cost	29,983	-
<u>Less</u> Depreciation for the period	(263,946)	(2,133)
Exchange differences on translating financial statement	45,124	(39)
Net book value as at 30 June 2020 (unaudited but reviewed)	<u><u>1,476,317</u></u>	<u><u>9,617</u></u>

The following are the amounts recognised in profit or loss for the three - month period ended 30 June 2020.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Depreciation of right - of - use assets	135,018	1,078
Interest expense on lease liabilities	24,694	152
Expense relating to short - term lease and leases of low - value assets	356,107	176
Total	<u><u>515,819</u></u>	<u><u>1,406</u></u>

	(Unit : Thousand USD)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Depreciation of right - of - use assets	4,202	33
Interest expense on lease liabilities	768	5
Expense relating to short - term lease and leases of low - value assets	11,085	5
Total	<u><u>16,055</u></u>	<u><u>43</u></u>

(Unaudited but reviewed)

The following are the amounts recognised in profit or loss for the six - month period ended 30 June 2020.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Depreciation of right - of - use assets	263,946	2,133
Interest expense on lease liabilities	49,939	324
Expense relating to short - term lease and leases of low - value assets	693,272	354
Total	<u>1,007,157</u>	<u>2,811</u>

	(Unit : Thousand USD)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Depreciation of right - of - use assets	8,304	67
Interest expense on lease liabilities	1,571	10
Expense relating to short - term lease and leases of low - value assets	21,810	11
Total	<u>31,685</u>	<u>88</u>

11. Intangible assets, net

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<u>Computer software</u>		
Net book value as at 31 December 2019 (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 30 June 2020 (unaudited but reviewed)	<u>-</u>	<u>-</u>

As at 30 June 2020 and 31 December 2019, computer software have been fully amortized but are still in use. The original cost of those asset amounted to approximately Baht 326 million and Baht 319 million, respectively.

12. Short - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
Loans from financial institution no. 1	450,000	450,000	450,000	450,000
Loans from financial institution no. 2	110,284	107,373	-	-
Loans from financial institution no. 3	559,184	545,963	-	-
Total	<u>1,119,468</u>	<u>1,103,336</u>	<u>450,000</u>	<u>450,000</u>

As at 30 June 2020 and 31 December 2019, loans from financial institution no. 1 are promissory note with interest at the rate of MLR% p.a., which is unsecured.

As at 30 June 2020 and 31 December 2019, loans from financial institution no. 2 is short - term loan amounting to USD 3.55 million and USD 3.54 million, with interest at the rate of LIBOR+3.9% p.a. and LIBOR+4.15% p.a., respectively, is secured by office building subsidiaries.

As at 30 June 2020 and 31 December 2019, 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.

13. Long - term loans

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
2020	2019	2020	2019	
(Unaudited	(Audited)	(Unaudited	(Audited)	
but reviewed)		but reviewed)		
<u>Loans of the Company</u>				
1) USD 8.0 million loan (2019: USD 9.5 million), repayable quarterly until the year 2021.	249,329	288,491	249,329	288,491
2) USD 15.0 million loan (2019: USD 15.5 million), repayable quarterly until the year 2027.	464,589	468,725	464,589	468,725
3) USD 26.3 million loan (2019: USD 27.3 million), repayable quarterly until the year 2026.	818,087	828,257	818,087	828,257
4) USD 2.4 million loan (2019: USD 2.4 million), repayable quarterly until the year 2026.	75,673	73,884	75,673	73,884
5) USD 13.5 million loan (2019: USD 13.7 million), repayable quarterly until the year 2029.	418,456	416,145	418,456	416,145
6) USD 13.5 million loan (2019: USD 13.7 million), repayable quarterly until the year 2029.	418,456	416,145	418,456	416,145
7) USD 2.8 million loan (2019: USD 3.0 million), repayable quarterly until the year 2023.	87,373	90,994	87,373	90,994
<u>Loans of the Singapore Subsidiaries</u>				
8) USD 5.0 million loan (2019: USD 5.9 million), repayable quarterly until the year 2023.	156,572	178,348	-	-
9) USD 5.9 million loan (2019: USD 6.4 million), repayable quarterly until the year 2025.	181,751	194,348	-	-
10) USD 4.5 million loan (2019: USD 4.9 million), repayable quarterly until the year 2025.	139,815	149,503	-	-
11) USD 6.3 million loan (2019: USD 6.9 million), repayable quarterly until the year 2025.	196,898	210,545	-	-
12) USD 1.3 million loan (2019: USD 1.4 million), repayable quarterly until the year 2025.	40,261	43,677	-	-
13) USD 1.4 million loan (2019: USD - million), repayable quarterly until the year 2025.	42,498	-	-	-
<u>Loan of the Hong Kong Subsidiary</u>				
14) HKD 11.4 million loan (2019: HKD 13.3 million), repayable monthly until the year 2023.	45,855	51,661	-	-
Total	3,335,613	3,410,723	2,531,963	2,582,641
<u>Less</u> : Current portion	(727,838)	(743,103)	(544,134)	(572,730)
Long - term loans, net of current portion	2,607,775	2,667,620	1,987,829	2,009,911

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

(Unaudited but reviewed)

Movements in the long - term loans during the six - month period ended 30 June 2020 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Beginning balance as at 31 December 2019 (audited)	3,410,723	2,582,641
<u>Add</u> Borrowings	45,769	-
<u>Less</u> Repayments	(207,369)	(115,836)
Exchange differences on translating financial statement	<u>86,490</u>	<u>65,158</u>
Ending balance as at 30 June 2020 (unaudited but reviewed)	<u><u>3,335,613</u></u>	<u><u>2,531,963</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.

As at 30 June 2020, the Group and the Company had the remaining credit line of long - term loans are as follows:

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 (30 June 2020: approximately Baht 201.9 million) which is for the project of purchase and installation “Sulphur Dioxide Scrubber”, the Company has drawn down the loan amounting to USD 2.4 million in March and October 2019.

In January 2020, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 2.7 million (30 June 2020: approximately Baht 82.3 million) which is for the project of purchase and installation “Sulphur Dioxide Scrubber”, at present, the Company has not drawn down the loan.

14. Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated <u>financial statements</u>	Separate <u>financial statements</u>
Lease liabilities as at 31 December 2019 (audited)	1,544,025	-
Effects of the adoption of TFRS16:		
Operating lease commitments as at 31 December 2019	279,789	2,977
<u>Less</u> Short - term leases and leases of low - value assets	(2,367)	(176)
<u>Add</u> Extension and termination options reasonably certain to be exercised	12,650	10,056
<u>Less</u> Deferred interest expenses	(23,756)	(1,068)
Lease liabilities as at 1 January 2020	1,810,341	11,789
Increase (decrease) during the period:		
<u>Add</u> Lease payments at the commencement date	-	-
<u>Less</u> Deferred interest expenses	-	-
<u>Add</u> Recognition of deferred interest expenses	49,939	324
<u>Less</u> Payments	(350,521)	(2,264)
Exchange differences on translating financial statement	49,453	6
Lease liabilities as at 30 June 2020	1,559,212	9,855
<u>Less</u> Current portion	(467,823)	(4,124)
Lease liabilities - net of current portion	<u>1,091,389</u>	<u>5,731</u>

As at 30 June 2020 and 31 December 2019, the Group have committed to pay the lease under the lease agreements are as follows:

	(Unit : Thousand Baht)					
	Consolidated financial statements					
	As at 30 June 2020 (Unaudited but reviewed)			As at 31 December 2019 (Audited)		
	Deferred interest			Deferred interest		
	Principal	expenses	Total	Principal	expenses	Total
Current portion	467,823	77,614	545,437	354,252	73,213	427,465
1 - 5 years	1,025,824	117,352	1,143,176	1,041,149	137,218	1,178,367
Over 5 years	65,565	2,288	67,853	148,624	6,123	154,747
Total	<u>1,559,212</u>	<u>197,254</u>	<u>1,756,466</u>	<u>1,544,025</u>	<u>216,554</u>	<u>1,760,579</u>

(Unaudited but reviewed)

(Unit : Thousand Baht)

Separate financial statements

	As at 30 June 2020 (Unaudited but reviewed)			As at 31 December 2019 (Audited)		
	Principal	Deferred interest expenses	Total	Principal	Deferred interest expenses	Total
Current portion	4,124	480	4,604	-	-	-
1 - 5 years	5,731	259	5,990	-	-	-
Over 5 years	-	-	-	-	-	-
Total	9,855	739	10,594	-	-	-

15. Provisions for employee benefits

- Movement in the present value of the provisions for employee benefits for the six - month periods ended 30 June 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Provisions for employee benefits at beginning of periods	51.15	35.12	46.90	31.93
Current service cost and interest	5.20	4.63	4.78	4.29
Past service costs	-	9.13	-	8.31
Benefits paid	(2.81)	-	(2.81)	-
Provisions for employee benefits at end of periods	53.54	48.88	48.87	44.53

- Expenses recognized in the statements of income for the three - month periods ended 30 June 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current service costs	2.26	2.51	2.09	2.34
Past service costs	-	9.13	-	8.31
Interest cost	0.34	0.41	0.30	0.37
Total	2.60	12.05	2.39	11.02

- Expenses recognized in the statements of income for the six - month periods ended 30 June 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current service costs	4.52	4.02	4.17	3.74
Past service costs	-	9.13	-	8.31
Interest cost	0.68	0.61	0.61	0.55
Total	<u>5.20</u>	<u>13.76</u>	<u>4.78</u>	<u>12.60</u>

- Principal actuarial assumptions as at 30 June 2020 and 31 December 2019 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 30 June 2020 as follows:

- If the discount rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 2.46 million (increase Baht 2.81 million) and Separate financial statements would decrease Baht 2.25 million (increase Baht 2.57 million).
- If the salary increase rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would increase Baht 3.71 million (decrease Baht 3.24 million) and Separate financial statements would increase Baht 3.38 million (decrease Baht 2.95 million).
- If the employee turnover rate increases (decrease) by 10%, the provisions for employee benefits in Consolidated financial statements would decrease Bath 1.14 million (increase Bath 1.26 million) and Separate financial statements would decrease Baht 1.07 million (increase Baht 1.18 million).
- If the life expectancy increases (decrease) by one year for all employees, the provisions for employee benefits in Consolidated financial statements would increase Baht 0.11 million (decrease Baht 0.12 million) and Separate financial statements would increase Baht 0.10 million (decrease Baht 0.11 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.

On 5 May 2019, the Company and a subsidiary in Thailand have amended its post-employment benefits plan to conform with Labour Protection Act which the main point is to increase the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. The Company and a subsidiary in Thailand have recorded the effect of the change by recognizing past service cost as expenses immediately in the 2nd quarter income statement of the year 2019 amounted to Baht 9.13 million (The Company : Baht 8.31 million).

16. 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 30 June				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	303	213	Market price as at agreement date
Ship management fee	-	-	2	3	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	25	24	-	-	Price approximates market price
Terminal operating service	56	54	-	-	Price per tariff minus volume discount
Ship management fee	1	1	-	-	Price approximates market price
Logistic service fees	14	11	-	-	Price approximates market price
Office rental and service expenses	3	3	3	3	Contract price

(Unit: Million Baht)

	For the six - month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	594	396	Market price as at agreement date
Ship management fee	-	-	5	5	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	51	51	-	-	Price approximates market price
Terminal operating service	112	111	-	-	Price per tariff minus volume discount
Ship management fee	1	1	-	-	Price approximates market price
Logistic service fees	20	22	-	-	Price approximates market price
Office rental and service expenses	5	5	5	5	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 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
<u>Trade receivables - related parties</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	965	375
<u>Related parties</u>				
Ngow Hock Co., Ltd.	41	18	-	-
RCL Agencies East India Private Limited	3	5	-	-
Siam Paetra International Co., Ltd.	10	10	-	-
Tian Asia Co., Ltd.	3	-	-	-
	57	33	-	-
<u>Less Allowance for doubtful accounts</u>	(10)	(10)	-	-
	47	23	-	-
<u>Other receivables - related parties</u>				
<u>- Receipt on behalf of the Company</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	180	82
<u>- Advances payment</u>				
<u>Subsidiary</u>				
RCL Shipmanagement Pte. Ltd.	-	-	3	1
<u>Other current assets - short - term loan</u>				
<u>Associate</u>				
N - Square RCL Logistics Co., Ltd.	1	-	-	-
<u>Trade payables - related parties</u>				
<u>Related parties</u>				
Ngow Hock Co., Ltd.	1	-	-	-
RCL Agencies East India Private Limited	-	6	-	-
RCL Agencies (India) Private Limited	1	1	-	-
Others	4	4	-	-
	6	11	-	-

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(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
<u>Advance from related parties</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	2,946	2,321
RCL Shipmanagement Pte. Ltd.	-	-	1,021	827
Regional Container Lines Pte. Ltd.	-	-	5	3
	-	-	3,972	3,151
<u>Payable on purchase of assets</u>				
<u>Subsidiaries</u>				
Regional Container Lines Pte. Ltd.	-	-	83	81
RCL Investments Pte. Ltd.	-	-	23	-
	-	-	106	81

Short - term loan to associate bears the interest rate of 7% per annum.

c) Management and directors benefit expenses

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

Management and directors benefit expenses for the three - month and six - month periods ended 30 June 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	For the three - month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short - term employee benefits	9	11	6	7

	(Unit: Million Baht)			
	For the six - month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short - term employee benefits	19	22	12	14

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17. Tax income (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 30 June 2020 and 31 December 2019 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency, allowance for impairment of investment, provisions for employee benefits and unused tax losses totaling Baht 237.14 million and Baht 353.82 million, respectively, (The Company: Baht 67.29 million and Baht 138.65 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 3.87 million and Baht 3.79 million, respectively.

Tax income (expenses) for the three - month periods ended 30 June 2020 and 2019, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Current tax expense	(3,304)	(1,977)	-	-
Deferred tax income (expenses) of temporary differences	42	209	-	-
Tax income (expenses) reported in the statement of income	<u>(3,262)</u>	<u>(1,768)</u>	<u>-</u>	<u>-</u>

Tax income (expenses) for the six - month periods ended 30 June 2020 and 2019, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Current tax expense	(5,858)	(6,009)	-	-
Deferred tax income (expenses) of temporary differences	84	234	-	-
Tax income (expenses) reported in the statement of income	<u>(5,774)</u>	<u>(5,775)</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

As at 30 June 2020 and 31 December 2019, the components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	As at 30 June 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
<u>Deferred tax assets</u>		
Allowance for impairment of investment	2,940	2,940
Provisions for employee benefits	934	850
Total	3,874	3,790
<u>Deferred tax liabilities</u>		
Property and premises, net	8,638	8,393

18. Financial information by segment

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

	(Unit: Million Baht)											
	Consolidated financial statements											
	For the three - month periods ended 30 June											
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	62	110	3,816	4,119	7	11	3,885	4,240	-	-	3,885	4,240
Inter - segment revenues	303	213	250	276	3	4	556	493	(556)	(493)	-	-
Freight income	365	323	4,066	4,395	10	15	4,441	4,733	(556)	(493)	3,885	4,240
Segment gross profit (loss)	72	75	400	176	8	12	480	263	(37)	(2)	443	261
Gain (loss) on exchange rate											(18)	8
Gain on sales of assets											16	24
Other incomes											26	25
Administrative expenses											(182)	(239)
Loss on impairment of assets											(11)	-
Finance costs											(74)	(79)
Gain (loss) from changes in fair value of derivatives											1	(5)
Reversal of impairment loss (impairment loss) determined in accordance with TFRS 9											(7)	-
Share of profit (loss) from investments in associates											16	6
Share of profit (loss) from investments in joint ventures											8	12
Tax income (expenses)											(3)	(2)
Profit (loss) for the periods											215	11

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(Unit: Million Baht)

Consolidated financial statements												
For the six - month periods ended 30 June												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	139	233	7,933	8,191	14	22	8,086	8,446	-	-	8,086	8,446
Inter - segment revenues	594	396	515	561	6	9	1,115	966	(1,115)	(966)	-	-
Freight income	733	629	8,448	8,752	20	31	9,201	9,412	(1,115)	(966)	8,086	8,446
Segment gross profit (loss)	182	126	546	346	16	25	744	497	(38)	(5)	706	492
Gain (loss) on exchange rate											27	22
Gain on sales of assets											34	45
Others income											29	28
Administrative expenses											(429)	(474)
Loss on impairment of assets											(11)	-
Finance costs											(155)	(159)
Gain (loss) from changes in fair value of derivatives											(4)	(8)
Reversal of impairment loss (impairment loss) determined in accordance with TFRS 9											(3)	-
Share of profit (loss) from investments in associates											22	22
Share of profit (loss) from investments in joint ventures											18	21
Tax income (expenses)											(6)	(6)
Profit (loss) for the periods											228	(17)

(Unit: Million Baht)

Consolidated financial statements												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
	(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	5,998	5,794	5,020	6,857	181	178	11,199	12,829	174	(77)	11,373	12,752
Others											6,028	4,286
Total assets											17,401	17,038

19. Commitments and contingent liabilities19.1 Commitments

- (a) As at 30 June 2020, the Company and its subsidiary in Thailand have outstanding commitments relating to the lease agreements for buildings and equipment of approximately Baht 8 million in respect of lease agreements, and subsidiaries in Singapore has outstanding commitments of USD 19 million or approximately Baht 579 million in respect of the following agreements.

	(Unit: Million Baht)		
Payment period	Charter hire	Other rental	Total
Within 1 year	459	39	498
During 1 - 5 years	40	41	81
Over than 5 years	-	-	-
Total	499	80	579

As at 30 June 2020, the Group had recorded commitments under the lease agreements due to the adoption of TFRS 16 as at 1 January 2020. Therefore the Group recognised the remaining lease liabilities previously classified as operating lease at the present value of the lease payments discounted using the Group's incremental borrowing rate, as described in Note 14 to the interim financial statements.

- (b) As at 30 June 2020, a subsidiary in Singapore has bunker purchase commitments amounting to USD - million or approximately Baht - million (31 December 2019: USD 5 million or approximately Baht 151.5 million covering the period January 2020 at 9,000 MT).
- (c) As at 30 June 2020, the Company has sulphur scrubber purchase commitments amounting to USD 4.9 million or approximately Baht 153.8 million.

19.2 Guarantees

As at 30 June 2020, the Company has guarantee obligations of USD 121 million, SGD 6 million and HKD 35 million, or approximately Baht 4,019 million (31 December 2019: USD 122 million, SGD 6 million and HKD 35 million or approximately Baht 3,971 million). These guarantees were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have outstanding guarantees totaling USD 29 million and HKD 11 million, or approximately Baht 940 million (31 December 2019: USD 33 million and HKD 13 million, or approximately Baht 1,071 million).

20. Financial instruments

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

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 30 June 2020, the Company had a period - by - period knock out swap and interest rate swap agreement covering the notional 2 promise amount of USD 10.02 million (31 December 2019 : 2 promise of amount USD 12.79 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 1.38 million per quarter, the contracts expiration date is the year 2021 and 2023.

For the three - month period ended 30 June 2020, the Company had unrealized gain loss from changes in the fair value of derivatives gain of USD 0.02 million, or approximately Baht 0.67 million (30 June 2019: loss of USD 0.14 million, or approximately Baht 4.54 million). The Company recorded the unrealized gain loss in the statements of income.

For the six - month period ended 30 June 2020, the Company had unrealized gain loss from changes in the fair value of derivatives loss of USD 0.13 million, or approximately Baht 4.23 million (30 June 2019: loss of USD 0.26 million, or approximately Baht 8.09 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 30 June 2020 and 31 December 2019, 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. 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 19.1 (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 30 June 2020, the Group's debt - to - equity ratio was 1.23 : 1 (31 December 2019 : 1.30 : 1) and the Company's was 1.16 : 1 (31 December 2019 : 1.03 : 1).

22. Functional currency financial statements

The USD functional currency statements of financial position as at 30 June 2020 and 31 December 2019 and the statements of income for the three - month and six - month periods ended 30 June 2020 and 2019, are as follows:

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position****As at 30 June 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	55,872	37,718	1,942	1,908
Trade receivables - unrelated parties	55,122	63,517	387	382
<u>Less: allowance for doubtful accounts</u>	(1,964)	(1,866)	-	-
Trade receivables - unrelated parties, net	53,158	61,651	387	382
Trade receivables - related parties	1,832	1,073	31,071	12,359
<u>Less: allowance for doubtful accounts</u>	(316)	(316)	-	-
Trade receivables - related parties, net	1,516	757	31,071	12,359
Other receivables	8,992	12,868	6,512	3,338
Material supplies	5,564	7,779	759	588
Other current assets	1,425	1,432	9	8
Total current assets	126,527	122,205	40,680	18,583
Non - current assets				
Other non - current financial assets	338	-	-	-
Property investments held for investment	155	155	-	-
Investments in subsidiaries, net	-	-	204,279	203,524
Investments in associates	11,868	11,183	1,663	1,663
Investments in joint ventures	4,060	3,509	-	-
Other long - term investments	-	338	-	-
Property and premises, net	9,307	9,377	13	13
Vessels and equipment, net	356,782	411,031	192,986	190,904
Right - of - use assets, net	47,522	-	310	-
Other non - current assets				
- Payment of advances for equipment	3,327	3,660	3,327	3,660
- Others	263	258	83	84
Total non - current assets	433,622	439,511	402,661	399,848
Total assets	560,149	561,716	443,341	418,431

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

As at 30 June 2020

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short - term loans from financial institutions	36,036	36,376	14,485	14,836
Trade payables - unrelated parties	98,539	103,900	3,038	1,609
Trade payables - related parties	184	361	-	-
Other payables				
- Accrued expenses	3,097	2,506	1,466	749
- Advance receipt	61	16	127,912	103,910
- Payable on purchase of assets	5,691	3,302	7,420	3,986
Current portion of long - term loans	23,429	24,499	17,516	18,883
Current portion of lease liabilities	15,059	11,679	133	-
Provision for onerous contracts	-	1,426	-	-
Income tax payable	98	80	-	-
Other current liabilities	5,323	4,283	39	341
Total current liabilities	187,517	188,428	172,009	144,314
Non - current liabilities				
Long - term loans, net of current portion	83,944	87,949	63,988	66,265
Lease liabilities, net of current portion	35,132	39,226	185	-
Deferred tax liabilities	278	277	-	-
Provisions for employee benefits	1,723	1,687	1,573	1,546
Other non - current financial liabilities	351	-	351	-
Total non - current liabilities	121,428	129,139	66,097	67,811
Total liabilities	308,945	317,567	238,106	212,125

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position (continued)****As at 30 June 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
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	92,070	84,918	3,568	4,639
Other components of equity	(42,720)	(42,601)	-	-
Total equity of parent Company's shareholders	251,017	243,984	205,235	206,306
Non - controlling interests	187	165	-	-
Total shareholders' equity	251,204	244,149	205,235	206,306
Total liabilities and shareholders' equity	560,149	561,716	443,341	418,431

Regional Container Lines Public Company Limited and its subsidiaries**Statements of income****For the three - month period ended 30 June 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three - month periods ended 30 June		For the three - month periods ended 30 June	
	2020	2019	2020	2019
Revenues				
Freight income	120,765	134,123	10,112	8,927
Other incomes				
Gain on exchange rate	-	245	-	-
Dividend income	-	-	-	940
Gain on sales of assets	490	768	-	-
Interest income	30	37	1	2
Others	827	746	-	-
Total revenues	122,112	135,919	10,113	9,869
Expenses				
Cost of freight and operations	106,930	125,855	8,192	6,819
Administrative expenses	5,645	7,585	1,970	2,341
Others expenses				
Loss on exchange rate	573	-	902	518
Loss on impairment of assets	360	-	-	-
Total expenses	113,508	133,440	11,064	9,678
Profit (loss) from operating activities	8,604	2,479	(951)	191
Finance costs	(2,294)	(2,490)	(1,107)	(1,189)
Gain (loss) from changes in fair value of derivatives	23	(144)	23	(144)
Reversal of impairment loss (impairment loss)				
determined in accordance with TFRS 9	(227)	-	-	-
Share of profit (loss) from investments in associates	516	195	-	-
Share of profit (loss) from investments in joint ventures	246	377	-	-
Profit (loss) before income tax expenses	6,868	417	(2,035)	(1,142)
Tax income (expenses)	(102)	(56)	-	-
Profit (loss) for the periods	6,766	361	(2,035)	(1,142)
Profit (loss) for the periods attributable to:				
Equity holders of the parent	6,762	354	(2,035)	(1,142)
Non - controlling interests	4	7	-	-
	6,766	361	(2,035)	(1,142)
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the parent (USD)	0.0082	0.0004	(0.0025)	(0.0014)
The weighted average number of ordinary shares (Thousand shares)	828,750	828,750	828,750	828,750

Regional Container Lines Public Company Limited and its subsidiaries**Statements of income****For the six - month period ended 30 June 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six - month periods ended 30 June		For the six - month periods ended 30 June	
	2020	2019	2020	2019
Revenues				
Freight income	254,419	267,073	20,725	17,316
Other incomes				
Gain on exchange rate	845	708	301	-
Dividend income	-	-	-	1,640
Gain on sales of assets	1,072	1,416	-	-
Interest income	55	63	1	2
Others	904	851	-	-
Total revenues	257,295	270,111	21,027	18,958
Expenses				
Cost of freight and operations	232,203	251,528	15,533	13,941
Administrative expenses	13,502	14,999	4,029	4,326
Other expenses				
Loss on exchange rate	-	-	-	685
Loss on impairment of assets	360	-	-	-
Total expenses	246,065	266,527	19,562	18,952
Profit (loss) from operating activities	11,230	3,584	1,465	6
Finance costs	(4,882)	(5,038)	(2,403)	(2,388)
Gain (loss) from changes in fair value of derivatives	(133)	(256)	(133)	(256)
Reversal of impairment loss (impairment loss) determined in accordance with TFRS 9	(101)	(1)	-	-
Share of profit (loss) from investments in associates	687	691	-	-
Share of profit (loss) from investments in joint ventures	551	667	-	-
Profit (loss) before income tax expenses	7,352	(353)	(1,071)	(2,638)
Tax income (expenses)	(182)	(183)	-	-
Profit (loss) for the periods	7,170	(536)	(1,071)	(2,638)
Profit (loss) for the periods attributable to:				
Equity holders of the parent	7,152	(521)	(1,071)	(2,638)
Non - controlling interests	18	(15)	-	-
	7,170	(536)	(1,071)	(2,638)
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the parent (USD)	0.0086	(0.0006)	(0.0013)	(0.0032)
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 14 August 2020.