



# ANNUAL REPORT 2016

NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED



NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED



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## Vision, Mission, Goal and Strategies in Operation



### Vision

To be a leading total logistics provider that is the first and best choice for the customers and its partners.

### Mission

To engage in a full range of logistics services with personnel who possess expertise and serve customers with integrity and to establish a powerful network of partners worldwide.

### Goal

To be a professional company that helps reduce logistics costs to maximize efficiency and customer satisfaction.

### Strategies

To provide personnel with expertise which offer the customers a comprehensive range of services, including consultation about planning related to, and the provision of, the most suitable transport methods, management that allows the customers to forward their freight on time with the lowest cost, as well as coordination of service work with partners in foreign countries in order to distribute goods to destinations in different countries worldwide.

## Message from the Chairman of the Board

Visualizing future markets of Thailand based on Logistic Development Strategic Plan No. 2 (2013-2017), one can say that since Asia, especially our neighbouring countries and ASEAN, has gradually become the playing stage of the world economic activities. Thailand will have a great opportunity to set up a strategic planning on how to enhance competitiveness but with good relationship toward all neighbour so that we can create the maximum economic value accordingly.

The NCL International Logistics Public Company Limited is operating under supervision of the executive committee, managers and employees with commitment to contribute on organization development over the past 20 years. We strongly adhere to good governance with respect to all stakeholders and corporate social responsibility (CSR) including anti-corruption. Throughout 2016 the company had coped with various risks and challenges to enhance sustainable organization while expanding our business and investment in related operations such as container services and international transportations so that we could cover more required container services overseas. For risk diversification the company had launched Dialysis Solution and operating equipment as another solution to enhance value added for the company growth with an aim for future security and prosperity.

Regarding organization efficiency the company always focusses on human resources development to increase effective competition. The company has promoted employees, participation by efficient management approaches to allow spaces for innovation and joint-future direction aiming towards sustainable establishment.

In the name of the Chairman of the Company Board of Directors, I would like to thank for trust and confidence from the shareholders, investors, financial institutes, business alliances, clients, public and private organizations and all stakeholders who have supported the company until today. I would like as well to thank our management and employees who have decided to bring success for our company until today. I would like to assure you all that the company will always be of good governance and corporate social responsibility while enhancing our sustainable prosperity.



**Mr. Korn Dabbaransi**  
Chairman of the Board



## Message from the Chairman of Executive Committee

In the past 2016 the NCL International Logistics Public Company Limited faced several challenges and risky factors after passing losses and the bottom base of the year before. At the end of 2016 the Company recovered to profit gaining and being of a general growth amidst the economic slowdown environment. The Company then extended investment in related businesses including container providing and renting services, international transport and others to enhance comprehensive foreign operations. The Company also produce dialysis solution and distributed its equipment as part of the risky management policy since it has been visualized for furthering added value and securing growth returns in the long term.

The general transport economic picture of 2017 has been estimated at a higher growth rate than the last year due to the general domestic economic base which has accommodated relocation of Chinese production entrepreneurs from China. The Company 2016 gaining target is higher than the previous year with 80% earned from the international logistics operation and 20% from the domestic performance, respectively. However the Company is focusing to expand international logistics operation since it is still of higher demand including joint-venture with other logistics operators. This indicates so well of how the Company stands so strong on tis higher experienced base for more than 20 years while the increasing investment will also promote business prosperity.

I would like to express my appreciation on behalf of the Executive Committee to the Executives and all employees for their strong collaboration to bring successful performance, continually until today, to the Company. My appreciation is also for the great trust from shareholders, investors, customers and trade partners who have supported the Company throughout. I would like to thank the subsidiaries and joint-venture companies and ensure you that we shall operate with good governance to enhance effective services for our customers by well-trained personnel with their service mind so that out Company shall be securely and sustainably developing.



**Mr.Kitti Phuathavornskul**  
Chief Executive Officer

## Board of Directors



**Mr. Korn Dabbaransi**  
Chairman / Independent Director  
Appointed as the Director  
February 4, 2013

**Age 72 Years**

**Stake in the Company's shares (%)**

- None -

**Family relationship with the management**

- None -

**Education Qualification**

Bachelor's Degree in Industries, Clark University Massachusetts, U.S.A.

**Training Course**

Director Accreditation Program, Batch 103, Year 2013

Director Certification Program Batch 197, Year 2014

**Work Experience**

2013 – Present Chairman/Independent Director NCL International Logistics PCL

2013 – Present CEO Korea Power-X Co., Ltd.

Present Chairman Bangkok Synthetics Co., Ltd.

1998 – Present Director Thailand-China Friendship Association

**Other That May Cause Conflict of Interest to the Company**

- None -



**Mr. Phongpun Khongkamnoed**  
Chairman of the Audit Committee /  
Independent Director  
Appointed as the Director  
February 4, 2013

**Age 56 Years**

**Stake in the Company's shares (%)**

- None -

**Family relationship with the management**

- None -

**Education Qualification**

- Economic Development, National Institute of Development Administration (NIDA)

- Bachelor's Degree in Agricultural Business, Kasetsart University

**Training Course**

Director Accreditation Program, Batch 103, Year 2013

Director Certification Program Batch 204, Year 2015

**Work Experience**

2013 – Present Chairman of the Audit Committee NCL International Logistics PCL/Independent Director

2011 – 2012 Assistant Managing Director KTB Leasing Co., Ltd.

2003 – 2011 Chief Financial Officer Metropolitan Waterworks Authority

1998 – Present Director Thailand-China Friendship Association

**Other That May Cause Conflict of Interest to the Company**

- None -



**Mr. Somchai Chanpattanakorn**  
**Audit Committee / Independent Director**  
**Appointed as the Director**  
**February 4, 2013**

**Age 63 Years**

**Stake in the Company's shares (%)**

- None -

**Family relationship with the management**

- None -

**Education Qualification**

Bachelor's Degree in Marketing, Hong Kong University

**Training Course**

Director Accreditation Program, Batch 103, Year 2013

**Work Experience**

2013 – Present Audit Committee /Independent DirectorNCL  
 International Logistics PCL

2013 – Present Managing Director Kuala Bangkok Co., Ltd.

1995 – 1998 Insurance Manager Cosmo Oil Co., Ltd.

1998 – Present Director Thailand-China Friendship Association

**Other That May Cause Conflict of Interest to the Company**

- None -



**Mrs. Jitmanee Suwannapool**  
**Audit Committee / Independent Director**  
**Appointed as the Director May 15, 2015**

**Age 64 Years**

**Stake in the Company's shares (%)**

- None -

**Family relationship with the management**

- None -

**Education Qualification**

- Master Degree in Public Administration, National Institute of  
 Development Administration

- Bachelor Degree in Business Administration (Accounting), Ramkha-  
 mhaeng University

- Bachelor Degree in Laws, Ramkhamhaeng University

**Training Course**

Director Certification Program Batch 197, Year 2014

**Work Experience**

2015 – Present Audit Committee /Independent DirectorNCL  
 International Logistics PCL

2016 – Present Audit Committee /Independent DirectorCountry  
 Group Holding PCL

2014 – Present Audit Committee /Independent DirectorGrand Canel  
 Land Public Company Limited

2014 – Present Director Full-time Advisor Committee on Economics,  
 Monetary Affairs and Finance

2010 Director The Liquor Distillery Organization

2010 – 2513 Director / Audit Committee Central Lab Thai  
 Company Limited

2012 – 2513 Member Principal Advisor Revenue Department on  
 Tax Base Management

2010 – 2512 Revenue Department Revenue Department

**Other That May Cause Conflict of Interest to the Company**

- None -





**Mr. Kittu Phuathavornskul**  
**Director / CEO**  
**Appointed as the Director**  
**February 4, 2013**

**Age 51 Years**

**Stake in the Company's shares (%)**

33.17

**Family relationship with the management**

- None -

**Education Qualification**

Bachelor's Degree in Business Administration, Assumption University

**Training Course**

Director Accreditation Program, Batch 103, Year 2013

Director Certification Program Batch 197, Year 2015

**Work Experience**

1996 – Present Director / CEO NCL International Logistics PCL

1994 – 2007 Director VP International Logistics (Thailand) Co., Ltd.

1996 – 2007 Managing Director NCL Agency Co., Ltd.

**Other That May Cause Conflict of Interest to the Company**

- None -



**Mr. Wantenan Techamorakot**  
**Director / Deputy CEO**  
**Appointed as the Director**  
**February 4, 2013**

**Age 47 Years**

**Stake in the Company's shares (%)**

0.95

**Family relationship with the management**

- None -

**Education Qualification**

Diploma of High Vocational Education, Rajamangala Institute of Technology Borpitpimuk (Mahamek)

**Training Course**

Director Accreditation Program, Batch 104, Year 2013

**Work Experience**

1996 – Present Director / Deputy CEO NCL International Logistics PCL

**Other That May Cause Conflict of Interest to the Company**

- None -



**Ms. Netirad Sang – ngam**  
**Director / Deputy CEO**  
**Appointed as the Director**  
**February 4, 2013**

**Age 50 Years**

**Stake in the Company's shares (%)**

0.95

**Family relationship with the management**

- None -

**Education Qualification**

Bachelor's Degree in Accounting, Southeast Asia University

**Training Course**

Director Accreditation Program, Batch 104, Year 2013.

Director Certification Program Batch 204, Year 2015

**Work Experience**

1996 – Present Director / Deputy CEO NCL International Logistics PCL

1996 – 2007 Accounting and Finance Manager NCL Agency Co., Ltd.

**Other That May Cause Conflict of Interest to the Company**

- None -



**Ms. Pornthip Sae-lim**  
**Director / Deputy CEO**  
**Appointed as the Director**  
**February 4, 2013**

**Age 34 Years**

**Stake in the Company's shares (%)**

0.95

**Family relationship with the management**

- None -

**Education Qualification**

Bachelor's Degree in Liberal Arts, Siam University.

**Training Course**

Director Accreditation Program, Batch 104, Year 2013.

**Work Experience**

1996 – Present Director / Deputy CEO NCL International Logistics PCL

2013 – 2014 Marketing Manager NCL International Logistics PCL

2007 – 2013 Marketing Manager NCL International Logistics Co., Ltd.

**Other That May Cause Conflict of Interest to the Company**

- None -

# Financial Highlight

Financial Highlight	The Consolidated Financial Statement			The Company Financial Statement		
	2014	2015	2016	2014	2015	2016
Statement of comprehensive income						
Sales and service income	915.42	1,074.62	985.61	915.41	1,032.39	841.98
Net Profit	19.54	(80.60)	(8.18)	19.71	(82.58)	16.75
Statement of financial position						
Total Asset	533.94	594.66	544.98	534.11	587.92	551.64
Total Liability	208.73	359.16	320.41	208.59	354.99	301.95
Total shareholders' equity	325.21	235.50	224.57	325.52	232.93	249.69
Cash Flow Statement						
Cash flows from operating activities	86.09	(48.20)	20.89	86.46	(48.03)	37.61
Cash flows from investing activities	(113.45)	(28.00)	5.64	(124.80)	(43.07)	(7.12)
Cash flows from financing activities	54.15	60.37	4.34	54.15	60.23	(1.06)
Key Financial Ratio						
Gross profit margin (%)	17.71	14.46	15.80	17.71	13.67	17.41
Net profit margin (%)	2.12	(7.42)	(0.93)	2.14	(7.99)	1.99
Return on asset (%)	3.93	(14.13)	(1.61)	3.97	(14.72)	2.94
Debt to Equity ratio (%)	0.64	1.53	1.43	0.64	1.52	1.21
Return on equity (%)	8	(28.75)	(3.54)	8.07	(29.58)	6.94
Dividend payout (times)	-	-	-	1.01	-	-
Basic earnings per share(unit: Baht)	0.06	(0.19)	(0.04)	0.06	(0.20)	0.04



# Policy and Business Overview

## Company History

NCL International Logistics Public Company Limited (“Company” or “NCL”) is a logistics provider. Established by Mr. Kitti Phuathavornskul, NCL International Logistics PCL Group was aimed to engage in international freight forwarding services. This Group was comprised of NCL International Logistics Public Company Limited (formerly known as “Regional First Jubilee Co., Ltd.”), founded in 1994; VP International Logistics (Thailand) Co., Ltd. (VP); and Unitrans Global Co., Limited (UNI).

The Company started international freight forwarding services in 1994, which were operated under VP International Logistics (Thailand) Co., Ltd. (VP). It started LCL freight forwarding for the route: Thailand – the Americas and expanded routes to Asia and Europe in 1996 and 2000, respectively.

To restructure the management within the Group and eliminate potential conflicts of interest, VP ceased its operation in 2009 and in 2011, staff who founded UNI sold UNI shares to Mr. Phuathavornskul, the Company’s major shareholder. Later, Mr. Phuathavornskul sold all UNI shares to external parties; however, UNI still utilized the Company’s buildings for its business operations and relied on the Company in terms of documentation and accounting and financial management. Presently, VP and UNI have ceased their business; they notified the Department of Revenue of their business termination in July 2012, and they are now awaiting liquidation. Accordingly, the only operating company is NCL International Logistics Co., Ltd. (“the Company” or “NCL”).

Since its inception, the Company has grown steadily and has been able to provide both LCL and FCL services and has acted as a customs broker and goods issuance agent. Growing continuously in the international freight forwarding business, in 2011, the Company invested in domestic freight forwarding services by purchasing tractor heads and trailer trucks to ensure service continuity. The first route established was the southern route and expanded to the East and Bangkok.

The company had been converted from “Company Limited” to Public Company Limited” and Registered in the Market of Alternative Investment (Mai) on November 11, 2014. Being well-established for over 20 years, it presently has a registered capital of 140 million baht and paid up registered capital of 105 million baht, which comprises 420 million ordinary shares with a par value of 0.25 baht per share.

The Company has subsidiary and joint venture (“NCL Group”) consists of 4 companies engaged a logistics provider for land transport, sea and air freight forwarding services, which cover full-container load (FCL), less-than-container load (LCL) and door-to-door load delivery. In addition, It serves as a customs broker, shipper owned containers (SOC) and engages in warehousing and domestic freight forwarding using tractor head and trailer truck and other Joint Venture is production dialysis and selling equipment involved dialysis. Presently, the company have subsidiary, joint venture and other joint venture (“Associated Company”) totally 5 companies as details below:

- |   |                         |                           |
|---|-------------------------|---------------------------|
| 1. NCL INTER LOGISTICS (S) PTE. LTD.    | (“subsidiary”)          | : The company hold 100%   |
| 2. LEGEND SHIPPING (THAILAND) CO., LTD. | (“subsidiary”)          | : The company hold 60%    |
| 3. LEGACY ASIA CAPITAL PTE. LTD.        | (“subsidiary”)          | : The company hold 70%    |
| 4. SSK INTER LOGISTICS CO., LTD         | (“joint venture”)       | : The company hold 43.84% |
| 5. GRACE WATER MED CO., LTD.            | (“Other joint venture”) | : The company hold 44.44% |

During, 2016 the company invested to purchase ordinary shares of Grace Waters Med Ltd. (the “Other joint venture “ or “GWM”) the company holds shares in proportion of 44.44 %. GWM is manufactures and distributes dialysis related equipment. By this investment, the company foresees that it can add value to the company in the future as well as to diversify the risk to encourage company a return of stability and growth in the future.

## Vision, Mission, Goal and Strategies in Operation

### Vision

To be a leading total logistics provider that is the first and best choice for the customers and its partners.

### Mission

To engage in a full range of logistics services with personnel who possess expertise and serve customers with integrity and to establish a powerful network of partners worldwide.

### Goal

To be a professional company that helps reduce logistics costs to maximize efficiency and customer satisfaction.

### Strategies

To provide personnel with expertise which offer the customers a comprehensive range of services, including consultation about planning related to, and the provision of, the most suitable transport methods, management that allows the customers to forward their freight on time with the lowest cost, as well as coordination of service work with partners in foreign countries in order to distribute goods to destinations in different countries worldwide.

## Transition and Milestone Development

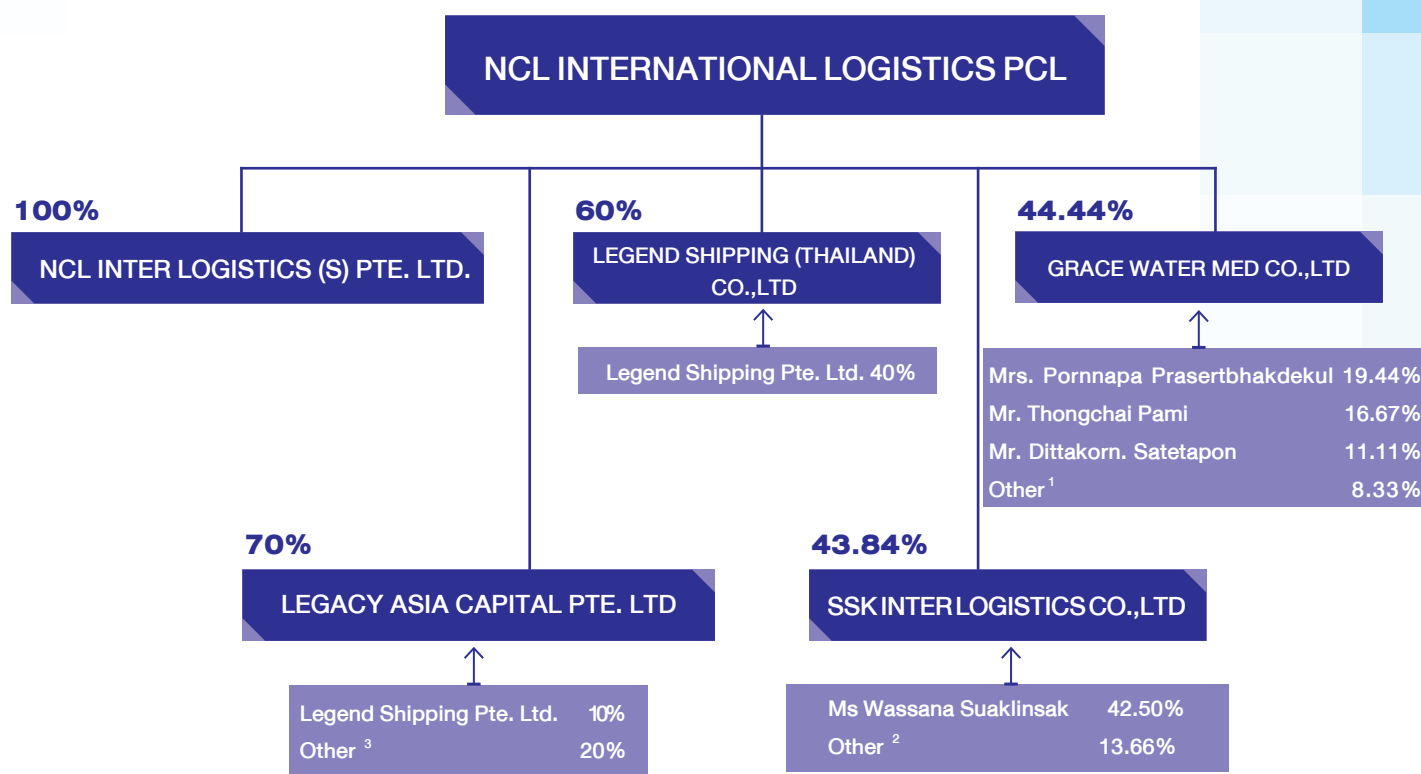
2014	January	-	Started the services of the provision and management of warehouses to the customers. Currently, it has one warehouse at the Wyncoast Freezone Warehouse on Bang Na-Trat Road (the service had been ceased as of now).
	August	-	Set up a branch office in Hat Yai district, Songkhla.
	November	-	The company had been converted from “Company Limited” to Public Company Limited” and Registered in Market for Alternative Investment (Mai) on November 11, 2014 with registered capital of 140 million baht and paid up registered capital of 105 million baht, which comprises 420 million ordinary shares with a par value of 0.25 baht per share.
	November	-	Set up NCL Inter Logistics (S) Pte. Ltd. the Company’s subsidiary, in Singapore to engage in logistics services, with registered capital of 500,000 SGD. The Company holds 100 percent of the paid-up registered capital.
	December	-	The Company purchased shares from TransOffshore Logistics Pte. Ltd. which represented 22.22 percent of the total paid-up registered capital of 1,000,000 SGD, which equates to approximately 33,080,000 baht. It is a registered company in Singapore, which is a logistics provider. With this investment, the Company aims to expand its logistics business in the oil drilling pipe sector and aims to accommodate the expansion of markets to ASEAN countries. In early 2016, it was sold all of the shares because the business of oil is suffering losses.
2015	February	-	Expanded domestic transportation by purchasing 15 more tractors. Altogether, the Company consists of 65 tractors and 98 trailers.
	March	-	Started the full service container in sea shipment from Ranong Port of Thailand to Yangon Port in Myanmar.
	July	-	Ceased the operations of sea shipment from Ranong Port of Thailand to Yangon Port in Myanmar. There was no significant impact to the Company’s main business operations..

	November	-	The Company board approved selling of the whole joint-venture investment of Trans of Shore Logistics Pte. Ltd. In Singapore for which the Company had 22.22% of the paid registered capital of 1,000,000 SGD, to Mr. Alvin Lim Sien Yong who is former shareholder. This was because the joint-venture company was of losses during the 9 month operating leading to shareholders minus outcomes. The total selling value was 10,000 US. Dollars investment loss 999,000 USD, or approximately 32.5 million baht.
	December	-	<p>offered and issued the Warrant Certificate in purchasing the newly issued ordinary shares of NCL International Logistics Public Company Limited (NCL-W1) to the existing shareholders of the Company in proportion to their respective shareholding (Right Offering) of 3 existing shares to 1 unit of warrants without any charges.</p> <p>Increased the Company's registered capital to Baht 140.0 million at the par value of Baht 0.25 per share so as to be able to offer the newly issued ordinary shares to the existing shareholders of the Company and support the exercise of right in accordance to the Warrant Certificate (NCL-W1).</p>
2016	January	-	The Company has invested with SSK Inter Logistics Co., Ltd. "Joint Venture Company" or "SSK" established on January 27, 2016 with registered capital of one million baht. to operate domestic transport service in the Thailand by tractor heads. On May 13, 2016 the meeting of the Company board approved selling of 65 tractor heads and 98 trailer trucks to SSK under the asset transfer contract for investment purpose of approximately 120.94 million baht.
	March	-	In June 2016, SSK has increased the registered capital of 290 million THB
		-	The company has invested with Legend Shipping Pte., Ltd. (Singapore) to establish Legend Shipping (Thailand) Co., Ltd. (the "subsidiary"), on March 11, 2016 with registered capital of 1 million THB. In May 2016, Legend increased the registered capital to 10 million THB to provide international freight forwarding by owned containers itself and act as a representative from overseas principle in the import and export of goods to overseas.
	June	-	The company has invested with Legend Shipping Pte., Ltd. (Singapore) to establish Legacy Asia Capital Pte., Ltd. (the "subsidiary"), In Singapore on July 1, 2016 with registered capital of \$ 200,000 SGD for the leasing container business to expand to other countries as well and for more comprehensive as well as to diversify the risk in the business to have more variety.
	September	-	The Company invested to purchase ordinary shares in the amount of 8 million THB on September 23, 2016 and holds shares in proportion of 44.44 percent. Grace Waters Med Co., Ltd. (the "Company" or "GWM") manufactures and distributes dialysis related equipment. By this investment, the company foresees that it can add value to the company in the future as well as to diversify the risk to encourage company a return of stability and growth in the future.



## The Company Group's Shareholder Structure

As of December 31, 2016 The Company Group's Shareholder Structure consisted of the following:



1 The other shareholders, there are no related person

2 The other shareholders, no person holds more than 10% of shares and are no related person

3 The other shareholders, no person holds more than 10% of shares and are no related person

The Company has subsidiary and joint venture ("NCL Group") consists of 4 companies engaged a logistics provider for land transport, sea and air freight forwarding services, which cover full-container load (FCL), less-than-container load (LCL) and door-to-door load delivery. In addition, it serves as a customs broker, shipper owned containers (SOC) and engages in warehousing and domestic freight forwarding using tractor head and trailer truck and other Joint Venture is production dialysis and selling equipment involved dialysis. Including the company, subsidiary, joint venture and other joint venture are 6 companies as details below:

### 1. NCL International Logistics Public Company Limited ("Company" or "NCL")

NCL International Logistics Public Company Limited ("Company" or "NCL") is a Logistics Solution Provider to register in the Market of Alternative Investment (MAI) on November 11, 2014. Being well-established for over 20 years, it presently has a registered capital of 140 Million Baht and paid up registered capital of 105 Million Baht, which comprises 420 Million ordinary shares with a par value of 0.25 Baht per share.

### 2. NCL Inter Logistics (S) Pte. Ltd.

NCL Inter Logistics (S) Pte. Ltd. (The "Subsidiary"), which was established on 25 November 2014 with registered capital of 500,000 SGD. In July 2016, NCL SG increased the registered capital to 700,000 SGD to expand logistics business management (Logistics Provider). The company holds shares in proportion of 100 percent.

### 3. Legend Shipping (Thailand) Co., Ltd.

Legend Shipping (Thailand) Co., Ltd. (the "subsidiary"), and the company has invested with Legend Shipping Pte., Ltd. (Singapore) to establish Legend Thailand in March 11, 2016 with registered capital of 1 million THB. In May 2016, Legend increased the registered capital to 10 million THB to provide international freight forwarding by owned containers itself and act as a representative from overseas principle in the import and export of goods to overseas. At present, the company shareholders in the proportion of 60 percent.

**4. Legacy Asia Capital Pte. Ltd.**

Legacy Asia Capital Pte. Ltd. The company has a joint venture with LEGEND SHIPPING PTE. LTD. (Singapore) to establish Legacy Asia Capital Pte. Ltd. In Singapore on July 1, 2016 with registered capital of \$ 200,000 SGD for the leasing container business to expand to other countries as well and for more comprehensive as well as to diversify the risk in the business to have more variety. The fund was established in Singapore (Buss Capital Fund Singapore) offered funding of around US \$ 5 million USD. The company holds shares in proportion of 70 percent.

**5. SSK Inter Logistics Co., Ltd.**

SSK Inter Logistics Co., Ltd. (the “Joint Venture Company” or “SSK”) established on January 27, 2016 with registered capital of one million baht. In June 2016, SSK has increased the registered capital of 290 million THB to operate domestic transport service in the Thailand. The company holds shares in proportion of 43.84 percent.

**6. Grace Waters Med Co., Ltd.**

Grace Waters Med Co., Ltd. (the “Other Joint Venture Company” or “GWM”) was established on August 8, 2016 with registered capital of 5 million THB on September 23, 2016 the company invested to purchase ordinary shares in the amount of 8 million THB. Grace Waters Med Co., Ltd. (the “Company” or “GWM”) manufactures and distributes dialysis related equipment. By this investment, the company foresees that it can add value to the company in the future as well as to diversify the risk to encourage company a return of stability and growth in the future. The company holds shares in proportion of 44.44 percent.

# Nature of the Business

## Nature of Products and Services

NCL International Logistics PCL (NCL) is a logistics service provider whose services include planning, management, and providing solutions for customers to ensure the shortest time and lowest cost of the freight forwarding process from the origin to the destination. The Company's revenue structure, classified by services, as shown in the Company's consolidated and separate financial statements is as follows:

Description	2014		2015		2016	
	Million baht	%	Million baht	%	Million baht	%
Revenues from services						
1. International freight transport						
1.1. Sea freight	774.88	83.97	952.82	88.14	898.82	88.88
1.2. Air freight	13.22	1.44	11.65	1.08	14.13	1.40
1.3. Other services	2.08	0.23	0.42	0.04	0.07	0.01
Total revenues from international freight transport services	790.18	85.64	964.89	89.26	913.02	90.29
2. Domestic freight transport by trucks	125.24	13.57	109.73	10.15	72.59	7.18
Total revenues from the services	915.42	99.21	1,074.62	99.41	985.61	97.47
1) Other revenues	7.29	0.79	6.41	0.59	25.62	2.53
<b>Total revenues</b>	<b>922.71</b>	<b>100.00</b>	<b>1,081.03</b>	<b>100.00</b>	<b>1,011.23</b>	<b>100</b>

Note 1) No revenue in the second half of the year from domestic transportation with truck heads - trailer trucks. Due to being transferred to the operation under SSK Inter Logistics Co., Ltd. ("SSK"),

2) Other revenue includes gain (loss) on foreign exchange, interest income and rental income, etc.

The nature of services rendered by the Company is divided into two major groups: international freight transport and domestic freight transport. The details of the two individual service groups are as follows:

1) International transport management services – The services deal with managing the flow of goods from the loading point to export from Thailand to destinations in over 180 countries, covering all the major trade routes across the world, as well as managing the flow of goods transported from other countries to the unloading point in Thailand. The Company renders both sea and air freight services. The Company has no freighters; however, to serve its customers it can arrange to use them as well as containers from freight operators, i.e. shipping lines or airlines. Furthermore, the Company coordinates its services with its trade partners in different countries to manage the flow of goods from ports or airports in these countries to its local destinations. Income earned from the services constitutes the Company's major revenue. In 2013 and 2014, the Company's revenue from international freight transport equated to 790.18 million baht and 964.89 million, respectively, which represented 85.64 and 89.26 percent of the overall revenue, respectively.



The Company's international freight transport services can be divided according to the following transport modes:

1.1) International sea freight transport : Currently, the Company renders sea freight transport services across five continents, namely Europe, America, Asia, Australia, and Africa, which cover main ports of major trade areas in over 180 countries. Sea freight transport can be divided into three types as follows:

- Full container load (FCL), which is suitable for customers with a large quantity of goods in hand, where it is economical to rent a whole container solely for their goods without having to share the container with other customers. The Company will find different sizes of containers according to the needs of the customer, provide shipping lines in line with the Customer's schedule and requirements, and serve as a customs broker and goods issuance agent.
- Less than container load (LCL), which is suitable for customers with fewer goods for transit, the quantity of which is not economical to warrant the renting of a whole container solely for their goods. The Company will gather goods from individual customers and allocate loading space in the reserved container, and then it will calculate the space and place the goods suitably for their types and requirements of each customer. This is to ensure that each customer's goods are put in the same container safely and are delivered on time at the lowest cost. However, since the majority of the customers are operators rendering freight transport services as the Company, they have the abilities to handle their own customs documentation on their own.
- Shipper Owned Container (SOC) : The Company will provide the empty containers for customers to contain their own goods, not necessary to wait for the containers from the shipping agents. In some shipping agents who have no containers to service their customers, the Company will be provided the containers for their customers instead.
- Rental container cargo service : The Group will rent the containers for further renting to customers who provide transportation management services as well as the Group.

1.2) International air freight transport : This is a fast mode of transport, which takes a shorter time to transport goods to destinations compared to sea freight transport. However, as it bears a higher cost, it is suitable for transporting perishable or temperature-sensitive goods, such as fresh fruits and vegetables, goods with that are high value or need special care, e.g. gems and gold, as well as goods with a low weight and quantity that require fast delivery, e.g. documents and printed materials. The Company finds an airline according to the customer's schedule and requirements and serves as a customs broker and a goods issuance agent. Currently, the Company is able to provide air shipment services to over 180 countries.

1.3) Other services : The Company provides services concerning customs formalities and relevant documentation, and serves as a goods issuance agent. The services require experts in customs formalities and regulations pertaining to importation and exportation so that the customers can comply with relevant laws in each country and receive or send goods on time.



International Freight Transport and Containers

Log Freight

At present, the Company has two international freight management offices at its head office in Bangkok and its branch office in Hat Yai, Songkhla. In the end of 2014, the Company invested in NCL INTER LOGISTICS (S) PTE. LTD., based in Singapore in order to provide international freight management services from Singapore to destinations in different regions. The main target is America, Asia and Europe. In early 2016, the Company invested with LEGEND SHIPPING PTE LTD, based in Singapore to establish a subsidiary, Legend Shipping (Thailand) Co., Ltd. In order to provide international freight management and empty container services to customers. In late 2016, the Company invested in LEGACY ASIA CAPITAL PTE. LTD., based in Singapore in order to provide container rental service as well.

1) Domestic transport services: In the year 2011, the Company started rendering domestic freight transport services by tractor heads and trailer trucks in order to (1) extend its range of services for its existing customers using the Company's international transport services and (2) to expand its business using its expertise in logistics services to serve customers that need freight forwarding in the country. In 2015, the Company has 65 tractor heads and 98 trailer trucks. The trailers trucks are available in both skeleton frame, which are used for carrying containers, and flatbed, which are for carrying containers or cargo directly. The Company forwards goods en route from factories to loading points for exportation, from the loading points for importation into factories or other destinations in the country, and from origins to destinations in different countries, as required by customers. The Company's existing service points are as follows:

- Service point in Had Yai : This service point is situated in Had Yai district, Songkhla
- Service point in Surat Thani : This service point is situated in Phunphin district, Surat Thani, which offers both short and long-distance transport service. The short-distance transport takes not over one day, which involves delivering goods from factories in Surat Thani to ports or railway stations within the same province or to ports in the southern region, such as the Phuket Port. The long-distance transport takes more than one day, which involves delivering goods from factories in Surat Thani to Bangkok or other provinces and sending goods from destination provinces or nearby provinces back to the southern provinces.
- Service point at Rama II : Located at Rama II, Bangkok, at present there are both short and long distance services; short – distance service such as the service of empty containers to pick up the goods at the factories in Laem Chabang area and pick up the goods from the factories to Laem Chabang Port, Klong Toey Port. For long – distance service such as the service of empty container to pick up the goods in Central and East of Thailand then deliver the goods at Laem Chabang Port and Klong Toey Port.



Tractor Heads and Trailer Trucks

GPS Tracking

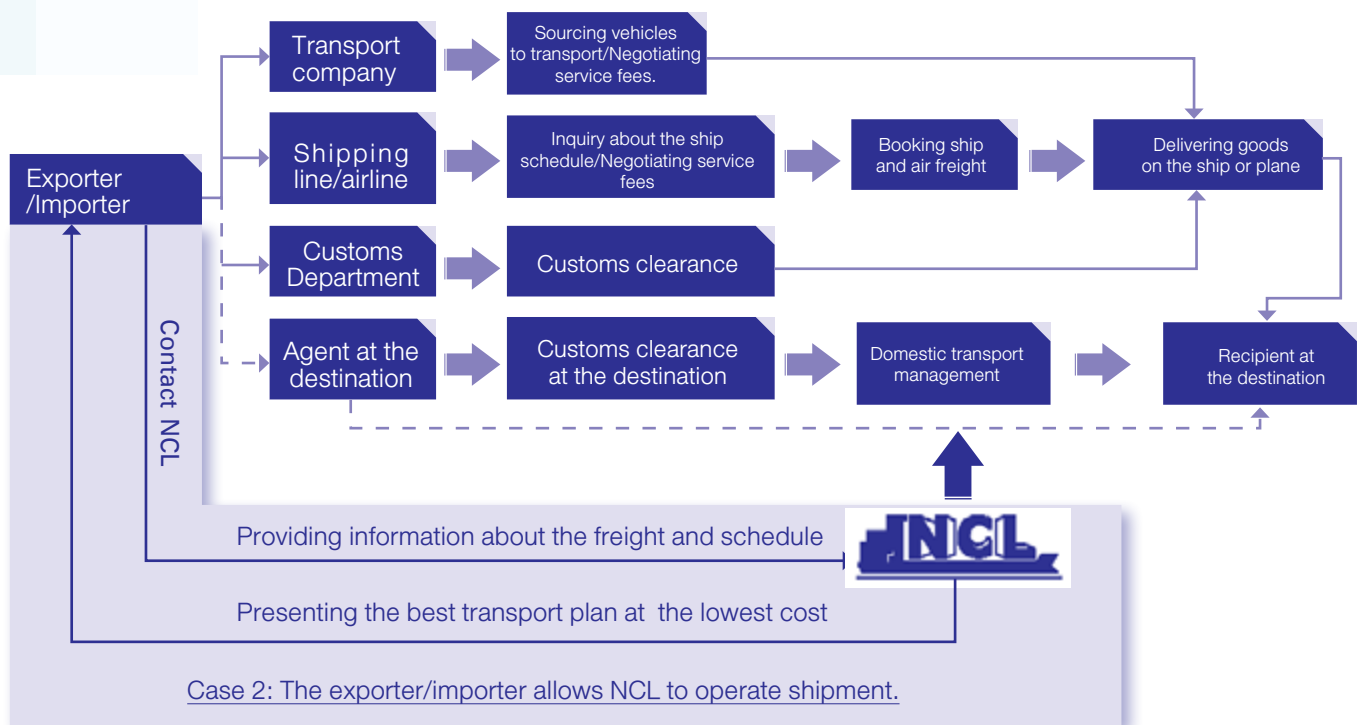
In early 2016, the Company decided to separate domestic transportation business, by co-establishing joint ventures with high potential outsiders who specializes in the transportation business as well as long experience and can also expand major customers base to the Company. Newly established Company is SSK Inter Logistics Co., Ltd. ("Joint Venture Company" or "SSK") The Company used the working capital of the Company and transferred assets which are all truck heads-trailer trucks as capital investment in the joint venture to reduce the burden of expenses; both cost and depreciation of the Company, and to optimize cost management, and also encourage the Company to have stable, sustainable growth in the future. One more shipping service point is set up:

- Saraburi Service Point: Located in Kaeng Khoi District, Saraburi. The majority of the merchandise are construction material. Currently, transportation services are available for both short and long distances.

\* At present Surat Thani service point. Rama 2 Service Point and Saraburi Service Point were transferred to the operation of SSK Inter Logistics Co., Ltd. ("Joint Venture Company" or SSK

### Alternatives for operators: the case when the exporter/importer operates shipment on his/her own and the case when the exporter/importer uses NCL's logistics services

#### Case 1: The exporter/importer operates shipment on his/her own.



## Market and Competition

### Competition Strategy

#### • Personnel with expertise and commitment to services

Providing international transport services requires an understanding about exportation- and importation-related regulations and laws of different countries. Because the regulations and laws vary to countries, the Company provides staff with expertise in international transport business to serve the customers. It has two licensed staff members that are customs specialists, who provide advisors for other staff in different departments to ensure the compliance with relevant regulations and laws. This makes the customers feel confident that the Company will comply with relevant regulations and laws, that it will receive or deliver goods on time, and reduce potential errors.

In addition to the personnel possessing expertise in relevant regulations and laws, the Company has staff members equipped with adequate experience in the international transport business who have worked for the Company for at least five years. Thus, they are able to give advice based upon their real work experience, such as advice on the reservation of sea freight during low export volumes or proper placement of goods from different customers in the same container to optimize the space being used to reduce transport costs of the customers.

In addition to supporting and developing personnel to equip them with expertise in their responsibilities, the Company aims to instill work values in them – having commitment and integrity to serve the customers. The Company believes that the work values approach is a key factor that enables it to serve customers efficiently and to build good relationships with them.

#### • Development of service quality

Being aware of the importance of logistics management because the logistics cost is the customers' major cost, the Company is committed to continuous optimization of the service process. In terms of international transport services, the Company has developed the Freight Log system, an IT system that links to the customer database to manage documents required for the importation and exportation within the shortest time. This allows the Company to prepare the bill of lading and delivery order, which are important documents required for goods issuance, within one day. In addition, the Company's staff can check the status of documentation of the client via the intranet, which connects to the central network, which allows them to render services for the customers without restrictions related to workplace.

As for domestic transport services, the Company has utilized a global positioning system (GPS) for tractor heads in order to track their location and speed in real time. This enables the Company to plan transport routes and track the delivery status for the customers.

#### • Full range of services

The Company is committed to serving as a total logistics provider. Its services include planning and providing transport methods that are suitable for the customers' goods and requirements and comply with laws and regulations in different countries; sourcing and booking sea or ship freight at the lowest cost; loading goods in containers safely with optimized use of space; managing customs clearance and relevant documents to ensure that the Customers will send or receive goods on time; and following up and coordinating with overseas business partners for goods transport and distribution to destinations in different countries. Its trade partners are in more than 180 countries worldwide.

#### • Creating business partners

The Company's continual development of its service system and its 19-year-long business has resulted in the Company being trusted by other local small-scale transport operators to serve their customers. Small-scale operators with a limited range of services can offer a more comprehensive range of services to their own customers by using the Company's services. As a result, the Company is considered to be the center of consolidation for small-scale entrepreneurs. For the Company, these small-scale operators are regarded as its business partners that refer business activities from retail customers across the country to the Company.

The Company is also seeking business partners who are logistics providers in different countries to serve as its agents that can coordinate the services in different countries. Currently, the Company has 80 business partners in 30 countries, which allows the Company to serve clients from Thailand to destinations in more than 180 countries worldwide. Moreover, the Company's business partners share information about market opportunities for target customers to allow for the expansion of the customer base. The Company can also expand its customer base by coordinating services for its business partners' clients residing in Thailand.

#### • Potential for cost management

Since the start of its business, the Company has been able to build its local and foreign trade partners' confidence in its services, which has resulted in the Company continually growing and expanding its customer base. The Company's consistent transport volume helps it to negotiate with its trade partners, such as shipping lines and airlines, about booking schedules for the delivery of freight on ships or planes as required by the customers. Also, this allows the Company to negotiate about the management of freight charges, which is the major cost of its services. Furthermore, having business partners in various countries allows the Company to share information about cost management for services in different countries to maximize its benefits.

Strategic business management as mentioned above, some cases may not meet the target set by the Company due to factors such as the economic slowdown, oil prices which are the cost of transportation. New regulations and policies that are relevant to the business of the Company. However, if the problem occurs, the Company will immediately take corrective action with customers to continue the business. Finally, if the Company believes that its business operations are not in line with its goals, the Company will have to consider the decision whether or not to stop or continue its business in order to limit the scope of damage to a limited extent, such as the case of stopping freight from the port of Ranong to Myanmar which the Company invested in March 2015 and ceased operations in July 2015. In such cases, the Company encounters problems due to uncertainties and changes policies in removing cargo from port and checking container which



affect the operations and goals of the Company, to make this point as the freight transport hub to Myanmar.

#### **Characteristics of customers and target customers.**

The Group's customers can be classified by business type as follows:

##### International Freight Transport Management Services

The Group is an international freight management service provider, both by sea and by air freight. The Group's target customers can be divided into two groups:

1. The operator of the Export-Import These are factories that produce products (Manufacturer), including traders and distributors, etc., for example, rice traders, rubber, tire and consumer goods, etc. These customers usually have enough freight to rent a container for their own containers. These customers usually use FCL, SOC transport services.
2. The operator of the Freight Forward These customers are entrepreneurs, providing transportation management services. as well as the Group. But their volume of shipping containers is not enough to rent the entire cabinet.

#### **Domestic Freight Transport**

Target customers of this business are \Entrepreneurs in various industries and businesses as well as manufacturer, or trader, distributor that transports goods to destinations in the country, for example, rice traders, rubber producers, beverage distributors, construction material traders etc.

Since the Company's customers are wide spread across 2,000 to 3,000 businesses, both in the agricultural and industrial sectors, including logistics service providers, the Company therefore does not rely on any customer for more than 30% of its revenue from service each year. By 2015, the Company provided services to customers in excess of 10 percent of revenues, from the service of only one customer. The proportion of revenue from such customer was of 14.37% of service revenue in 2015, and in 2016 does not have the Company provided services to customers in excess of 10 percent of revenues

#### **Distribution and distribution channels**

The Group uses both direct and indirect distribution channels. Direct sales channels include direct contact with customers through our marketing and website staff. [www.nclthailand.com](http://www.nclthailand.com) of the Company. The Group is divided into 3 sections according to customers' groups to keep up with the news and provide services that can respond to the needs of each group of customers as much as possible, including: the Freight Forwarding Department (FF), the Non-vessel Operating Common Carrier Department (NVOCC), and the Truck Department (Truck). The marketing and sales staff will be responsible for contacting both target customers by phone and an appointment to present the service.

The Group's indirect distribution channels are based on the recommendations of its existing customers, and from the introduction of our trading partners, which include the Company's agents. They are the operators in the domestic transportation business. These agents will act as coordinators in the shipping management services in their respective countries. On the other hand, they will recommend or assign to the Group as a customer care agent in the management of transport services in Thailand. At present, the Company has established a memorandum of understanding with about 80 agents around the world. The introduction of these new clients is the key distribution channel of the Group.

In addition to the direct and indirect distribution channels mentioned above, the Group also has a channel for public relations, allowing its partners and clients to become acquainted with the group, both domestically and internationally, including: Association of Thai Chamber of Commerce, the Customs Broker and Transportation Association of Thailand, Association of Freight and Logistics, and World Cargo Alliances (WCA) as well.

#### **Industry Landscape and Competition**

The international freight transport industry as a whole in 2016 had a slight recovery from government stimulus measures, and from the global economic recovery. However, it was not as expected since the largest shipping line in South Korea was facing bankruptcy problems, due to the global economic recession of the last 3-4 years and other shipping lines were experiencing similar losses since mid-2016 onwards. As a result, the remaining shipping line adjusted up freight rates, especially during the high season of export, therefore, the Group could not make a profit as well as it should.

## Logistics business outlook and trends

Logistics business in Thailand has grown continuously, especially since the Office of the National Economic and Social Development Board formulated the strategies to develop a logistics system in Thailand for the first time in 2005. Furthermore, it is expected to grow continually in the future as a result of the following domestic and international supporting factors.

- The Government has placed an emphasis on the development and promotion of logistics. It has continually formulated the “Thailand’s Logistics Development Strategic Plan.” In its latest version, the Plan comprises three main tasks: (1) Supply chain enhancement, (2) Trade facilitation enhancement, and (3) Capacity building and policy driving factors. The Plan aims to enhance the country’s competitiveness and achieve the goal of becoming the logistics hub for the ASEAN countries.
- The government has invested in 20 transportation infrastructure projects, which are beginning to grow in 2016 and accelerate in 2017, resulting in increased demand for logistics services.
- The business sector’s expansion of production bases and distribution centers to different regions, as well as urbanization and promotion of tourism in different regions have boosted investment, thus resulting in a higher demand for logistics services.
- The business sector attaches greater importance to logistics, which is witnessed from the fact that the Country’s percentage of logistics cost to GDP dropped from 17 percent in 2007 to 13 percent in 2014. This provides an opportunity for logistics providers to offer efficient logistics services to operators to lower their costs.
- Thailand has strength due to its location – it is situated in the center of the region and has long coastlines. Its borders connect to four neighboring countries, namely Myanmar, Laos, Cambodia and Malaysia. Thirty provinces are adjacent to these neighboring countries, not to mention its ability to further connect to surrounding countries, e.g. Vietnam and southern China. This has led to a significant increase in the scope of logistics activities of Thailand.
- The center of trade activities is tending to shift from the western world to the Greater Mekong Sub-region, the People’s Republic of China, and other Asian countries as a result of an increasingly free trade and a higher purchasing power of people. This provides an opportunity for Thailand to expand trade and investment into new trade zones. In addition, due to Thailand’s strength in its location, it will increasingly benefit from the movement of goods between countries within the region.
- Liberalization of trade, investment and services under the AEC framework in 2016 will substantially boost demand for the exchanging of goods and resources within the ASEAN countries. The leniency of rules and regulations pertaining to cross-border transport under the AEC framework will be a factor that encourages the growth in logistics activities.

Competition is divided into international transport services and domestic transport services, both of which are described below.

### International transport services

According to the membership record of the Customs Broker and Transport Association of Thailand, the number of other Thai operators in the logistics service sector that do similar businesses as the Company was 1,294 operators. 996 are in the central region, 88 in the eastern region, 66 in the northern region, 49 in the northeastern region, and 95 in the southern region. Most of them are small-scale operators that render less-than-container load (LCL) transport or only a few services. Rather than being competitors, these operators are the Company’s trade partners that refer business activities from customers across the country to the Company. The number of large-scale operators in Thailand with similar target customers to the Company was approximately 25 operators, 15 are Thai operators and the other 10 are foreign ones and subsidiaries. However, the management has estimated that competition among Thai operators will not be very intense because the logistics market is huge and tends to grow continuously. Therefore, operators do not only compete in offering services to customers, but also exchange information or cooperate with one another in order to serve their customers.

Concerning competition with foreign competitors, the Company’s management has assessed that it will be fiercer in the wake of the liberalization of logistics services under the ASEAN framework. The country’s goal towards becoming

the regional logistics hub is a factor that draws more foreign operators into the competition. Since 2013, Thailand has adopted a policy to relax its rules and regulations, e.g. increasing the number of shares that foreigners are allowed to hold in logistics companies, up to 70 percent. However, the Company's management believes that Thai operators are at an advantage in terms of their expertise in domestic transport systems and infrastructure, which are important factors for maximizing the efficiency of logistics costs. If foreign operators wish to take shares in Thailand's logistics market, they should be joint investors or trade partners with Thai operators in order to develop their service network in foreign countries.

With diverse services and staff with expertise who are ready to provide customers and partners with the best options, the Company is confident about maintaining its leadership in international transport services. As for the ratio of import/export container volume handled by the Company to the total volume at the Bangkok Port and the Laem Chabang Port, the Company's market shares in international sea freight services are as follows:

Details	2014	2015	2016
Total import/export containers at ports <sup>1)</sup>	8,119,274	8,359,455	8,725,442
Total import/export containers by the Company <sup>2)</sup>	32,091	43,831	54,361
Market share (percent)	0.39	0.52	0.06

Sources: 1) Marine Department 2) The Company

### **Domestic transport services**

In the domestic transport business, there are many operators, most of which are small-scale operators. According to the Department of Land Transport, as per Dec 31, 2016, the number of truck transport service providers across Thailand was 20,449 service provider. 5,451 were in the central region, 2,622 in the eastern region, 5,784 in the north-eastern region, 3,092 in the northern region, 2,203 in the western region, and 1,347 in the southern region.

After joining the SSK with potential outsiders, the SSK currently has 153 truck heads and 158 tail trailers. (In 2015, the Company has 65 truck heads and 98 trailer trucks. Its major customers and service point is in Surat Thani. The management has assessed that in the southern region, there are 7 or 8 large-scale operators which compete with the Company, and each of them owns 50-300 trucks. However, the competitiveness in the transport business depends on the service quality and the ability to provide high-standard drivers. Hence, a huge fleet is not the determining factor for the procurement of services.

The Company's management has foreseen that the overall competition in tractor head transport business is not very fierce, but only periodical. At the same time, operators can become trade partners. Any operator whose workload exceeds its service capacity may subcontract the excess workload to other operators, as the SSK does. Now, the Company has entered into partnership agreements with approximately 6 trade partners.

With the utilization of a GPS system for planning and controlling its service quality, alongside its care about continual development of driver standards through both training and incentives to drive safely and save fuel, the Company is confident that it will have adequate potential for business competition and expansion in the future.

In addition, the Company's advantage of being an international logistics provider enables it to provide full-cycle services encompassing international and local transport activities in a One-Stop-Service manner. Consequently, customers can receive a full variety of logistics services from the Company.

According to industry conditions, competition, trends and business logistics, as mentioned above, it caused the Company to be affected. As a result, the Company's performance in 2019 was not in line with the target. However, in the core business of the Company. It still has a good performance. In addition, the logistics business in Thailand is growing continuously every year, which is a great opportunity for the Company to make good earnings in the future.

### **Laws related to business operations**

Currently, Thailand has no law governing the provision of specialized logistics services. But there are several laws

pertaining to each activity of logistics services, such as: The Civil and Commercial Code, Sea Act B.E. 2534 (1991), Multimodal Transport Act B.E. 2550 (2007), Rail and Highway Management Act B.E.2464 (1921), Land Transport Act B.E. 2522(1979), Land Traffic Act B.E. 2522(1979), Thai Vessels Act B.E. 2481 (1938), The Navigation in Thai Waters Act B.E. 2456 (1913) and Thailand Air Navigation Act B.E. 2497 (1954), etc. For important laws related to the core business of the Company are as follows:

### **Sea Act B.E. 2534 (1991)**

The Sea Act is an act that applies to sea transport from one place of the Kingdom to another outside the Kingdom. By virtue of such act, the carrier is not liable in case of loss, damage or late delivery, as a result of force majeure, sea accidents, war, or any other cause under Chapter 5, Section 52 of this Act. This includes non-liability in the event of damage caused by the sender's fault, or due to its own condition.

In case the carrier is liable, this Act restricts the liability of the carrier for only 10,000 baht per transport unit, or 30 baht per kilogram of net weight of that whichever amount is more. But it must not exceed its price. (See more details in Chapter 6, Section 58-61).

### **The Civil and Commercial Code**

The Civil Code is a private law on rights, duties and relationships between private and the law is the law governing the rights and obligations of the parties with respect to the legal, economic and trade regulations concerning trade between individuals or businesses. For the domestic transportation business of the Company, the law requires the Company to be liable in the event of loss or damage to the goods, or late delivery, unless proven otherwise by force majeure, or due to its own condition, or the sender's fault. (See details in sections 420 and 616).

In order to prevent the risk of domestic transportation service, the Company has purchased cargo insurance, truck insurance, and accident insurance, which has a higher value of insurance sum than the damage that may occur.

In the area of customs clearance services, which the Company is authorized by the customer to represent the customs clearance. The Company is not personally liable to third parties because the Company is a customer representative. Therefore, the person who authorized the Company shall have the obligation to a third party agent in all that is done within the scope of the authorization. (See Section 820 for more details.)

## **Service Sourcing**

### **Service Sourcing and Sources**

#### **International transport services**

In providing international freight services, the Company must procure air or sea freight from transport operators to provide services to the customers and requested partners in foreign countries to coordinate the services. The sources of such services are as follows:

#### **Sea or air freight**

Sea or air freight charges are the Company's major international transport costs, which represent approximately 80-85 percent of its total international transport costs. The Company mainly procures sea or air freight from domestic operators, which accounts for 70-75 percent of its total freight charge costs. The cost will be paid directly to the transport operator in Thai baht. Each year, the Company procures sea and air freight from over 300 transport operators. Since the Company consistently books freight on ships or airplanes, it is able to negotiate with service providers about determining freight charges 15-30 days in advance.

In the case that the Company has to provide transport services in other countries, the Company will ask its agent partners to handle the services. Thus, the freight cost for the overseas services provided by the agents will be paid in foreign currency. In such cases, its partner agents will bill the freight charge and fees for all services that the partner agents provide. The freight charges paid in foreign currency constitute about 20-25 percent of the Company's total freight charges.

#### **Agents**

As for services in foreign countries, such as shipping freight from ports in foreign countries to destinations in different countries, the Company will contact agents that are its trade partners to help handle the services. The Company's



agents are transport operators in foreign countries, who will coordinate transport services in the country where they oversee the service delivery and serve as service fee collectors for the Company in the case a customer specifies that a service fee shall be borne by a recipient residing overseas. Currently, the Company has entered into business agreements with about 80 agents, who are ready to serve customers in over 180 countries across the world (See more information in the Agency Agreement under Section 5.2: Major Contracts/Agreements). Payment of freight charges and service fees of these agents will be made in foreign currency.

### **Domestic transport business**

As for transport services in Thailand, the Company has 65 tractor heads and 98 trailer trucks. The major cost of the transport services is fuel, which accounts for 30-35 percent of the total domestic transport service costs. This is followed by the transport cost, which involves the cost of sub-contracting other tractor heads-trailer truck operators, which represents 10-30 percent of the total domestic transport service costs; and the cost of salaries and allowances for drivers, which accounts for 15-35 percent of the total domestic transport service costs.

The Company's vehicle and service costs stem from the following:

### **Tractor heads and trailer trucks**

The Company sourced its tractor heads and trailer trucks by purchasing directly from truck manufacturers, e.g. Tri Petch Isuzu Leasing Co., Ltd. and Dayun Automobile (Thailand) Co., Ltd. In the case of pre-owned vehicles, the Company examines their conditions and service life prior to purchasing them. All the tractor heads of the Company have first-class insurance and goods insurance, with the sum insured that is higher than potential damage.

### **Fuel**

As for management of risks from the fluctuation of the prices of diesel, the main fuel, the Company set the service charges under a sliding scale, whereby the service charges vary according to fuel prices. However, because the prices of diesel are regulated by the Ministry of Energy, its price volatility is relatively low. In 2015, the price of diesel stayed consistently at 20-30 baht per liter.

### **Subcontractors for tractor heads and trailer trucks**

The costs associated with subcontracting tractor head and trailer truck operators arise when the Company's vehicles are not sufficient for the customers' demand, or when it is not cost-effective for the Company to operate on its own. In such cases, the Company will subcontract the work to its trade partners. Currently, the Company has approximately 10 trade partners that have signed a written agreement.

Because the Company has diverse trade partners, the cost of services for an individual partner in each year did not exceed 30 percent of the Company's total service costs. During the 2014 - 2015, the cost of services the Company used from a single partner did not exceed 10 percent of the Company's total service cost.

### **Environmental Impacts**

In operating its international transport management business, the Company does not have any processes that have adverse environmental impacts. Its domestic transport business with tractor heads and trailer trucks is regulated by the land transport law. This law states that vehicles that require registration plate renewal and tax payment must be inspected by a government authority or an authorized motor vehicle inspection station to receive a certificate, which is a document used for registration, or registration plate renewal and tax payment. The inspection involves testing wheels, lighting systems, noise levels, general operating conditions, the engine system, and pollution from exhaust, including black smoke and the amount of carbon monoxide, hydrocarbon, nitrate oxide and particulates. All Company vehicles have passed the inspection and their license plates are renewed as scheduled every year.

### **Undelivered Tasks**

- None

# Risk Factors

## Risks from Fluctuation in Exchange Rates

To serve customers in foreign countries, the Company has partners that are freight forwarders in different countries. These partners act as the Company's agents that coordinate service work in foreign countries, receive service fees from customers in destination countries, and pay for service costs incurred in foreign countries, e.g. vessel freight charge, air freight charge, transportation charge, or paperwork charge for protocol in foreign countries. Therefore, the Company's revenue and expenses are denominated in foreign currencies from countries where the services are rendered. In 2015 and 2016, the Company's revenue in foreign currencies was 230.16 million baht and 183.56 million baht, which represented 21.41 percent and 18.62 percent, respectively. The Company's service costs in foreign currencies were equal to 207.53 million baht and 142.21 million baht, which represented 22.57 percent and 17.13 percent, respectively.

Consequently, the Company takes risks from the fluctuation in foreign exchange rates. High fluctuations in the exchange rates between Thai baht and foreign currencies will significantly impact the Company's revenue and profit margins denominated in Thai baht. This can result in the Company's gain or loss in the case when there is a great difference between the exchange rate on the date when the account is recorded and the exchange rate on the date of an exchange into Thai baht. The Company's revenue and costs relating to services in foreign countries are mostly in U.S. dollars, which represent approximately 99 percent of the Company's revenue and costs of services in foreign countries.

In order to reduce the risks from fluctuations in exchange rates, the Company's management has closely monitored the changes in exchange rates to assess their situations and trends, and has diminished the risks from the fluctuations by opening a foreign currency deposit account (FCD). Furthermore, the Company has launched a policy to reduce such risks by entering into forward contracts, which are entered into at the discretion of the management and conform to the policy approved by the Board of Directors, no. 2/2014, dated June 30, 2014. The Company's cap in the forward contracts with financial institutions is 500,000 U.S. dollars.

The Company has no policy concerning speculation about the exchange rates.

## **Risks from Personnel Dependency**

An international freight forwarding business requires an understanding about regulations on exportation or importation and laws in different countries, as well as an understanding about forms and conditions concerning the proper protocols for international payment. This is to ensure that the customers will be able to comply with relevant regulations and deliver or receive goods on time. As for a domestic freight forwarding business, it requires drivers who possess specialized skills and are able to comply with the Company's regulations. Accordingly, the Company is vulnerable to personnel shortages if it expands its business or fails to find replacements for resigning personnel immediately.

Recognizing the importance of its personnel, the Company has focused on personnel development and incentives. The Company has formulated a plan for job advancement for its employees and provided them with reasonable compensation according to their expertise. Thus, the turnover in major departments is low, and the average working years of employees in the Department of Freight Forwarding (FF) and the Department of Non-vessel Operating Common Carrier (NVOCC) is at least five years, and the average working years of the management is at least 20 years.

Also, the Company has introduced IT systems into its business. For example, the IT systems include Log Freight, which is a system that links clients' databases for managing documents required for customs protocol and importation and exportation, as well as the Global Positioning System (GPS), which tracks the status of freight deliveries by tractor heads and trailer trucks. These systems are utilized in order to facilitate its personnel in terms of customer services and reduce the number of personnel required for different processes within the Company.

## **Risks from Major Client Dependency**

The Company's clients are distributed throughout different sectors, including the agricultural, industrial, and logistics sectors. Thus, the Company does not depend on particular clients for more than 30 percent of its revenue from services rendered each year. In 2015, there was only one customer for which the Company provided services representing over

10 percent of its revenue, the revenue obtained from this client accounted for 14.37 percent and there are no customers that serve more than 10 percent of revenue in 2016.

The Company's major client is its regular customer, with whom it has contacted for five years consecutively and a constant good relationship. The Company's efficient improvement of its service quality and a comprehensive range of services have resulted in this major client's increasing use of its logistics management services. Thus, the Company believes that it will continue to gain trust from this client. However, the Company has a policy to reduce risks from dependency on particular customers – the policy to expand to new customers to distribute the Company's customer base and create more business opportunities for the Company's services.

#### **Risk of Changes in Business Regulations**

As the Company runs an international freight forwarding business, which involves regulations applicable to exporting or importing and laws in different countries, it will face risks if it fails to comply with any changes in regulations. Such non-compliance could result in its failure to handle deliveries as demanded by customers and potential financial damage from fines.

However, the Company has prepared its personnel with expertise in international freight forwarding to serve its customers and to offer advice to employees working in different departments. The Company has assigned personnel to study relevant information about, and monitor, the enforcement of trade regulations and measures of different countries; follow relevant news; contact government agencies; and gather information from operators that are the Company's partners in foreign countries. This information will be delivered to relevant departments in the Company to ensure their compliance with customs-related regulations and laws. The departments will receive relevant information continuously and adequately so that they can give proper advice to clients to ensure the client's compliance with regulations. In the past, the Company has never been sued or received a damage claim for non-compliance with such laws or regulations.

#### **Risks from the ASEAN Economic Community (AEC)**

In 2015, the AEC started. The logistics sector allows other ASEAN member countries to own shares in businesses in this sector for at least 70 percent, beginning in 2013. Therefore, the Company takes risks from a growing number of new logistics operators, especially foreign companies with more preparedness with respect to capital, more sophisticated technology, and a more comprehensive range of services. This may result in fierce competition and may result in the Company losing some revenue.

Despite leading to the entry of new entrepreneurs in the logistics sector, the AEC will result in a demand for the exchange of goods and resources, which will allow logistics activities in Thailand to grow substantially (See more details in Section 2.2.4: Industrial Conditions and Competition). Therefore, this is an opportunity for entrepreneurs with preparedness to serve the growing demand for logistics.

Due to the Company's continual improvement of service quality by introducing IT systems, e.g. Log Freight and the GPS (See more details in Section 2.2.1: Competitive Strategy), expansion of service ranges to meet customer demand, and the vision of the management to seek partners in different countries to create a service network to allow the linkage of services across continents, the Company believes that it will be able to maintain its competitiveness despite fierce competition in the future.

#### **Risks from investing abroad.**

The Company may be exposed to the investment and business operations in foreign countries, due to business practices in unfamiliar countries, such as culture, society, politics, law, regulation. With policies and plans to expand overseas, the Company may face greater competition from its competitors. Because there are many foreign companies that provide similar services.

The Company has focused on the risk analysis in various areas to make investment decision. If possible, the Company will consider local partners who have experiences in doing business in that country, in order to reduce the risk that the Company has no experience in conducting business in the country where the investment decision is made.

### **Risks from Major Shareholders' Influence on Administration Policies**

As of 31 December 2016, the Company's major shareholder, the Phuathavornskul Family, owns shares representing 49.64 percent of the total number of shares sold by the Company. Mr. Kittu Phuathavornskul serves as the Company's Group Chief Executive Officer (CEO) and Director and is the authorized signatory. This major shareholder has the authority to manage and control votes for almost all major resolutions, including the appointment of directors or other resolutions that need a majority of votes at the shareholders' meeting. An exception is resolutions concerning legal matters or the Company's regulations that need three-fourths of the votes of the total number of shares that attend the meeting and have the right to vote, e.g. capital increases and decreases. Accordingly, other shareholders that attend the meeting and have the right to vote are not able to gather enough votes to check and balance the major shareholder's administration.

Nonetheless, the Company's management structure is composed of a total of five committees, namely the Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee. Because the roles of the respective committees are clearly delineated, the Company's work systems are equipped with a good standard and are easy to audit. Also, the structure of the Board of Directors consists of four independent directors out of nine directors. As for the Audit Committee, it comprises three independent directors, each of whom has expertise. As such, they are able to audit the Company's performance with greater transparency and balance the power with regard to presenting matters for consideration in the shareholders' meetings to some extent. Furthermore, the Company has a regulation to handle the case of transactions related to Directors, the major shareholder or people authorized to control the business, as well as people that may have a conflict of interest. This regulation states that these people shall have no authority to approve the transactions, which can reduce potential risks.

### **Risks from a Decline in Share Prices due to the Major Shareholder's Share Selling**

On September 27, 2012, K-SME Co., Ltd. (K-SME), a joint venture company, entered into an agreement to purchase 1,500,000 ordinary shares of the Company at the rate of 40 baht per share (par value of 10 baht), which is equivalent to 60,000,000 shares at the rate of 1 baht per share (par value of 0.25 baht). This accounted for 14.29 percent of the Company's total number of shares as of 31 December 2015, the shareholding was 13.88 percent of the Company's total number of shares.

The rate of 1 baht per share at which K-SME purchased the ordinary shares issued by the Company was lower than the rate of ordinary shares, which was 1.80 baht per share, representing 44.44 percent. Therefore, the Company has confronted risks from a decline in the prices of shares traded in the MAI in the case this major shareholder sell most or all of their shares for profit making.

## Securities Information and Shareholder

### Paid-up Registered Capital

As of December 31, 2016, the Company's paid-up registered capital was valued at 140 million baht, which equates to 420 million ordinary shares with a par value of 0.25 baht per share.

### Shareholders

The Company's ten major shareholders, as of January 11, 2017, are as follows:

No	Shareholders	Number of shares	Percentage
1.	Phuathavornskul Family		
	Mr. Kitti Phuathavornskul	139,304,300	33.17
	Ms. Pinruck Prasitsirikul	30,550,000	7.27]
	Miss Fahsai Phuathavornskul	30,000,000	7.14
	Mr. Wisit Prasitsirikul	8,650,000	2.06
	SOU	208,504,300	49.64
2.	K-SME Venture Capital Co., Ltd.	57,692,100	13.74
3.	Mr.Monchai Sathornsamritpon	4,035,000	0.96
4.	Ms. Pornthip Sae-lim	4,000,000	0.95
5.	Ms. Netirad Sang-ngam	4,000,000	0.95
6.	Mr. Wantenan Techamorakot	4,000,000	0.95
7.	Mr. Suksan Kittipattarapong	3,431,900	0.82
8.	Mr.Arunai Chansiriviriyakul	3,200,000	0.76
9.	Mr.Waranan Tinrungrroj	2,868,100	0.68
10.	Mrs.Nawaporn Rattanachaikanon	2,700,000	0.64
11.	Other Shareholders	125,568,600	29.90
	Total	420,000,000	100.00

Information from: The Thailand Securities Depository Co., Ltd. (TSD)



## Issuance of Other Securities

### The Issuance of the Warrants to Purchase the Issued Ordinary Shares of the Company (“NCL-W1”)

According to the resolution of the Extraordinary General Meeting of Shareholders No.1/2015 held on December 15, 2015, the meeting approved the issuance and allotment of warrant to purchase ordinary share of company (NCL-W1) in the number of up to 139,997,497 units, to the allocated to the existing shareholders of the company pro rata to their respective shareholdings (Right Offering), at no cost, at the allocation ratio of every 3 existing shares for 1 unit of NCL-W1 Warrants. The details as follows:-

Type of Warrants	Bearer and exchangeable
Offered to	The existing shareholders of the company in proportion to their respective and active on the date of closing date of the share register book on December 24, 2015.
Number of Warrants	139,997,497 Units
Underlying Shares	139,997,497 shares at Baht 0.25 par value
Offering Price of warrants	Baht 0.00
Term of Warrants	2 Years from date of Issuance
Distribution of Warrants	As of January 20, 2016
Rights of Warrants	Each unit of Warrants is entitled to purchase one ordinary share (exercise ratio may change according to the rights adjustment)
Exercise Price	Baht 4.00 per share, unless the exercise price is adjusted
Exercise Period	The warrant holders will be entitled to exercise their rights under NCL-W1 Warrants to purchase the newly issued ordinary shares of the Company on the last working day of every 6 months (end of June and December of every year). The final Exercise Date of Warrants shall fall on the expiry of the Warrants. The first Exercise Date of Warrants shall fall on June 30, 2016 while the final Exercise Date of Warrants shall fall on January 19, 2018
Limitation for transfer	None
Secondary market of the warrants	The Stock Exchange of Thailand
Registrar of Warrants	The Thailand Securities Depository Co., Ltd. (TSD)
The remaining of Warrants NCL-W1 on December 31, 2016	139,997,497 Units

The ordinary share issued as a result of exercising the warrants shall be entitled to rights and benefits as the existing ordinary shares of the Company on the day the Ministry of Commerce acknowledges the registration of the paid-up capital increase of the Company.

## Dividend Payment Policy

The Company's dividend payment policy is to pay at least 50 percent of its net profit after the deduction of all reserves. Dividend payments must not adversely affect the Company's operations, financial position, liquidity, business expansion, necessity, future suitability, or other factors relevant to the Company's administration, as determined by the Board of Directors deems, and must yield maximum benefits to the shareholders.

The subsidiaries will consider paying dividends based on the net profit after the deduction of the corporate income tax each year. However, this will depend on the investment plan and other suitability considerations. The subsidiaries may pay interim dividends to their shareholders from time to time.

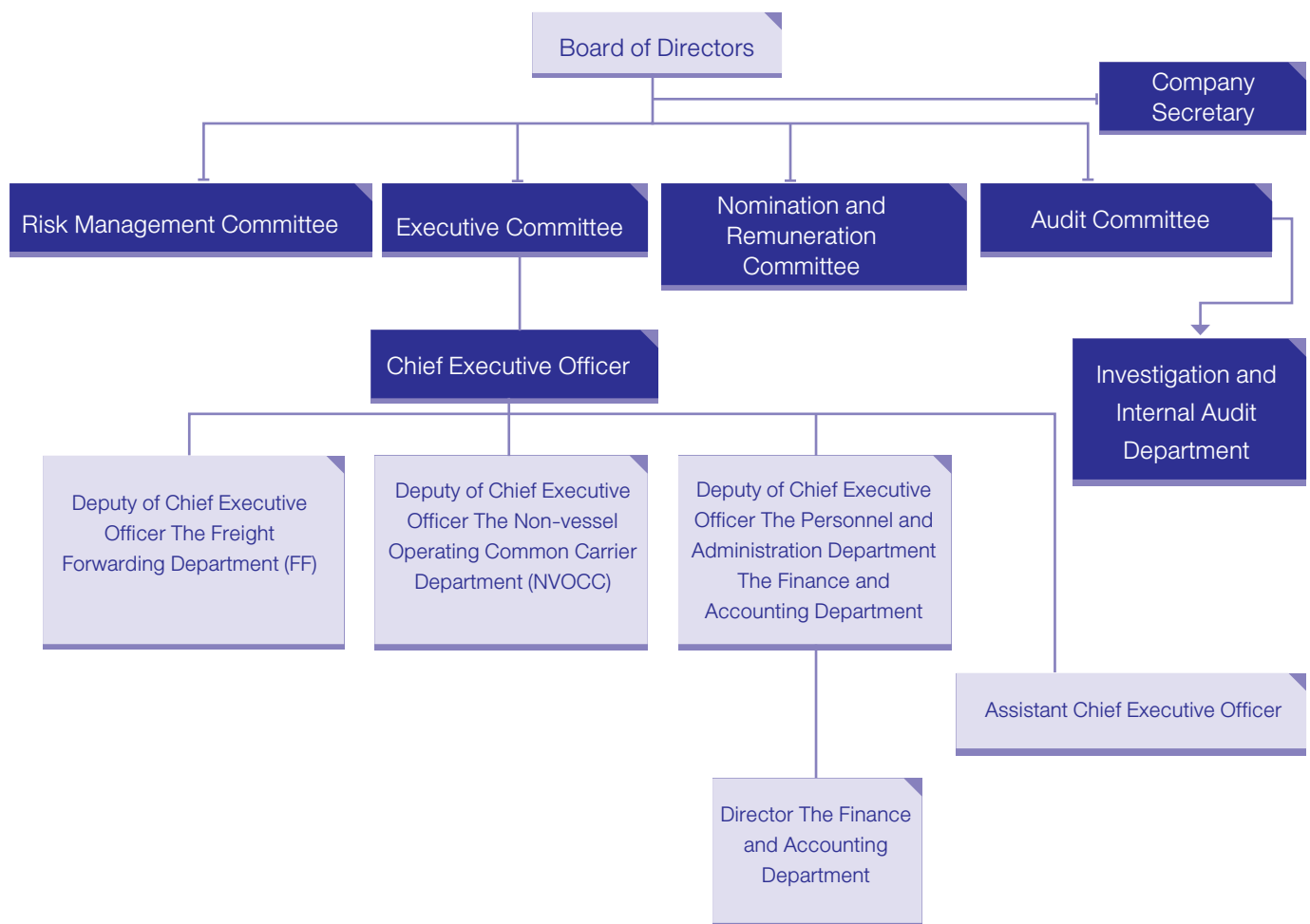
The Board of Directors' resolution regarding dividend payments must be proposed at the shareholders' meeting for approval. However, the Board of Directors has the authority to approve interim dividend payments, upon determining that the Company has sufficient profits to do so without posing any impact on its business operations. Said approval shall be reported at the subsequent shareholders' meeting.

# Management Structure

The Company's management structure is comprised of a board and four committees, namely the Board of Directors, Executive Committee, the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee.

The Company's Board of Directors and management are composed of qualified people whose qualifications meet the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. They have performed their duties with integrity and have protected the shareholders' interest. Furthermore, they have operated within the framework of accepted business ethics, have taken into account all stakeholders' interests, and have provided a trustworthy accounting system, financial reports and account reviews.

## Management Structure of NCL International Logistics Public Company Limited As of December 31, 2016



## Board of Director

As of December 31, 2016, the Company's Board of Directors was composed of the following eight people.

No.	Name	Position	Type of Directors
1.	Mr. Korn Dabbaransi	Director Chairman of the Board of Directors	Independent Director
2.	Mr. Phongpun Kongkumnerd	Director Chairman of the Audit Committee Chairman of the Risk Management Committee The Nomination and Remuneration Committee	Independent Director
3.	Mr. Somchai Charnpatanakorn	Director The Audit Committee The Risk Management Committee Chairman of the Nomination and Remuneration Committee	Independent Director
4.	Mrs. Jitmanee Suwannapool	Director The Audit Committee The Risk Management Committee The Nomination and Remuneration Committee	Independent Director
5.	Mr. Kittu Phuathavornskul	Director Chief Executive Officer Chairman of the Executive Committee The Risk Management Committee	Executive Director Authorized Signing Director
6.	Mr. Wantenan Techamorakot	Director Deputy of Chief Executive Officer The Executive Committee The Risk Management Committee	Executive Director Authorized Signing Director
7.	Ms. Netirad Sang-ngam	Director Deputy of Chief Executive Officer The Executive Committee The Risk Management Committee The Nomination and Remuneration Committee	Executive Director Authorized Signing Director
8.	Ms. Pornthip Sae-Lim	Director Deputy of Chief Executive Officer The Executive Committee The Risk Management Committee	Executive Director Authorized Signing Director

Ms. Rachanee Lawsakornchai served as the Secretary of the Board of Directors and Company Secretary.

### Directors who were authorized to bind the company

The directors who were authorized to bind the Company included Mr. Kittu Phuathavornskul, Mr. Wantenan Techamorakot, Ms. Netirad Sang-ngam, and Ms. Pornthip Sae-Lim. Two of them signed together and stamped the Company's seal.

### The Audit Committee

The Board of Directors appointed the Audit Committee to assist the Board of Directors in reviewing the quality and reliability of the accounting system, the audit system, the internal control system, and the financial report process.

As of December 31, 2016, the Audit Committee consisted of three people, as follows:

No.	Name		Position
1.	Mr. Phongpun	Kongkumnerd	Chairman of the Audit Committee
2.	Mr. Somchai	Charnpatanakorn	The Audit Committee
3.	Mrs. Jitmanee	Suwannapool <sup>1</sup>	The Audit Committee

Ms. Rachanee Lawsakornchai served as the Secretary of the Audit Committee.

Note: 1/ The Audit Committee member was equipped with adequate expertise and experience in the review of financial statements.

### The Risk Management Committee

As of December 31, 2016, the Risk Management Committee was composed of the following seven people:

ลำดับ	ชื่อ - สกุล		ตำแหน่ง
1.	Mr. Phongpun	Kongkumnerd	Chairman of the Risk Management Committee
2.	Mr. Somchai	Charnpatanakorn	The Risk Management Committee
3.	Mrs. Jitmanee	Suwannapool	The Risk Management Committee
4.	Mr. Kittu	Phuathavornskul	The Risk Management Committee
5.	Mr. Wantenan	Techamorakot	The Risk Management Committee
6.	Ms. Netirad	Sang-ngam	The Risk Management Committee
7.	Ms. Pornthip	Sae-Lim	The Risk Management Committee

Ms. Rachanee Lawsakornchai served as the Secretary of the Risk Management Committee.



### The Nomination and Remuneration Committee

As of December 31, 2016, the Nomination and Remuneration Committee consisted of the following four people:

No.	Name	Position
1.	Mr. Phongpun Kongkumnerd	Chairman of the Nomination and Remuneration Committee
2.	Mr. Somchai Charnpatanakorn	The Nomination and Remuneration Committee
3.	Mrs. Jitmanee Suwannapool <sup>1</sup>	The Nomination and Remuneration Committee
4.	Ms. Netirad Sang-ngam	The Nomination and Remuneration Committee

Ms. Rachanee Lawsakornchai served as the Secretary of the Nomination and Remuneration Committee.

### The Executive Committee

As of December 31, 2016, the Executive Committee consisted of the following four people:

No.	Name	Position
1.	Mr. Kitti Phuathavornskul	Chairman of the Executive Committee
2.	Mr. Wantenan Techamorakot	The Executive Committee
3.	Ms. Netirad Sang-ngam	The Executive Committee
4.	Ms. Pornthip Sae-Lim	The Executive Committee

Ms. Rachanee Lawsakornchai served as the Secretary of the Executive Committee.

### In 2016, the Board of Directors' Meetings and Committees' Meeting as following:-

Name		Number of Attendance / Number of Meeting				
		BOD Meeting	Audit Committee Meeting	Risk Management Committee Meeting	Nomination and Remuneration Committee Meeting	Executive Committee Meeting
Mr. Korn	Dabbaransi	9/9	-	-	-	-
Mr. Phogpun	Kongkumnerd	9/9	6/6	5/5	1/1	-
Mr. Somchai	Charnpatanakorn	8/9	5/6	5/5	1/1	-
Mrs. Jitmanee	Suwannapool	9/9	6/6	5/5	1/1	-
Mr. Kitti	Phuathavornskul	9/9	-	5/5	-	8/8
Mr. Suksan	Kittipattarapong <sup>1</sup>	2/9	-	0/5	-	3/8
Mr. Wantenan	Techamorakot	9/9	-	5/5	-	8/8
Ms. Netirad	Sang-ngam	9/9	-	5/5	1/1	8/8
Ms. Pornthip	Sae-Lim	9/9	-	5/5	-	8/8

Note: 1 Mr. Suksan Kittipattarapong resigned from the director, risk committee and executive committee of the company which is effective from May 12, 2016

## Management

As of December 31, 2016, the Management consisted of the following six people:

No.	Name	Position
1.	Mr. Kitti Phuathavornskul	Chief Executive Officer
2.	Mr. Wantenan Techamorakot	Deputy of Chief Executive Officer The Freight Forwarding Department (FF)
3.	Ms. Netirad Sang-ngam	Deputy of Chief Executive Officer The Personnel and Administration Department The Finance and Accounting Department
4.	Ms. Pornthip Sae-Lim	Deputy of Chief Executive Officer The Non-vessel Operating Common Carrier Department (NVOCC)
5.	Mr. Kittisak Sikkaman	Assistant Chief Executive Officer
6.	Ms. Duangsamorn Supasaksutat	Director The Finance and Accounting Department

Note: 1. Mr. Suksan Kittipattarapong resigned from the position of Deputy of Chief Executive Officer, Transportation and Truck Department, effective on 12 May 2016 and transformed to be the Managing Director of SSK International Logistic Co., Ltd. ("Subsidiaries or SSK")

2. The Company disclosed the name of No.4 Executive Officer, Mr. Kittisak Sikkaman as the Assistant Chief Executive Officer due to reassignment of Mr. Suksan Kittipattarapong and to follow the announcement issued by the SET Committee, No. KorJor. 17/2551 (as amended) on Definition of Executive Officer.

3. According to the resolution adopted by the Board of Director No. 9/2559 dated 31 December 2016 Ms. Duangsamorn Supasaksutat was appointed as Director of Finance and Accounting Department, effective on 1 January 2017 to replace Mr. Chanwut Wannaphosop who resigned from the Company as of 15 November 2016.

## Company's Secretary

At the Board of Directors' meeting, no. 1/2016, on January 26, 2016, the Board of Directors resolved to designate Ms. Rachanee Lawsakornchai to act as the Company's secretary. The Position holder must be knowledgeable and understands the company's business and the role of the Company's Secretary, having knowledge of laws, regulations of the office of the Securities and Exchange Commission and the Stock Market of Thailand, as well as having good understanding in corporate governance and code of conduct with the authority of functions as stipulated in the Securities and Exchange Act B.E. 2535 and its amendment (No.4) B.E. 2551 and other operations announced by the Capital Market Supervisory Board.

## Remuneration for the Board of Directors and the Management

### Financial remuneration

#### Board of Directors

The Company considered the formulation of the remuneration policy for the Board in a fair and reasonable manner by taking into account suitability and consistency with the Company's performance and the Board's duties and responsibilities.

At the General Meeting of Shareholders for the year 2016, on April 28, 2016, the rates of remuneration for the Board of Directors and the Audit Committee were determined as an allowance paid per each meeting, which are as follows:

Position	Remuneration (baht/person/meeting)
Chairman of the Board of Directors	50,000
Chairman of the Audit Committee	30,000
Member of the Audit Committee	20,000
Director	20,000

The Company did not pay remuneration to the other committees, i.e. the Executive Committee, the Risk Management Committee, or the Nomination and Remuneration Committee.

**The remuneration paid for the directors and committee members for the year 2016 as follows**

Name	Remuneration (Baht)			
	Director	Audit Committee	Reward	Total
1. Mr. Korn Dabbaransi <sup>1</sup>	500,000		40,000	540,000
2. Mr. Phongpun Kongkumnerd		240,000	24,000	264,000
3. Mr. Somchai Charnpatanakorn		160,000	16,000	176,000
4. Mrs. Jitmanee Suwannapool		180,000	16,000	196,000
5. Mr. Kitti Phuathavornskul	180,000		16,000	196,000
6. Mr. Suksan Kittipattarapong <sup>2</sup>	40,000		-	40,000
7. Mr. Wantenan Techamorakot	180,000		16,000	196,000
8. Ms. Netirad Sang-ngam	180,000		16,000	196,000
9. Ms. Pornthip Sae-Lim	180,000		16,000	196,000
Total	1,260,000	580,000	160,000	2,000,000

Note : 1 H.E. Korn Tabbarangsri received the attendance fee in both the Board of Directors' Meeting and the Annual General Meeting of Shareholders

2 Mr. Suksan Kittipattarapong resigned from the director, risk committee and executive committee of the company which is effective from May 12, 2016

**Remunerations of Management**

The Management of the company receive the compensation as monthly remuneration and bonus which agree well with outcome of the company. In 2016, the Company paid remuneration of 20.98 million baht to six management personnel (in exclusion Director of Finance and Accounting Department), which is described as follows:

Remuneration	Total (million baht/year)
Financial remuneration	
- Salaries and bonuses	16.73
- Other remuneration, e.g. contributions to the Social Security Fund, contributions to the Provident Fund, and commissions	4.25
Non-financial remuneration	None

Note : Mr. Suksan Kittipattarapong resigned from the management of the company which is effective from May 12, 2016

## **Personnel**

As of December 31, 2016, the total number of staff (excluding the management) was 141, in 2016, the remuneration that the Company paid for staff was 85.18 million baht. The remuneration included salaries, bonuses, commissions, contributions to the Social Security Fund, contributions to the Provident Fund, etc. They are described as follows:

Department	Number of staff
The Freight Forwarding Department (FF)	66
The Non-vessel Operating Common Carrier (NVOCC)	31
The Finance and Accounting Department, the Information Technology Department, and other departments.	44
<b>Total</b>	<b>141</b>

Note: During 2016 the Company transferred 37 employees to work with certain subsidiary and joint-venture company

## **Provident Fund**

The Company set up the Provident Fund on October 1, 2013 with Thailand Kasikorn Asset Management Co., Ltd., which aimed to boost the morale of its staff and to motivate them to work for the Company in the long run.

## **Other Remunerations**

In addition to remunerations in the form of monthly salary, bonus and the provident fund that the company pays to its employees, there are other additional welfare payments to the company's employees as follow:

- Annual health check-up
- Social security fund
- Welfare on assistance
- Welfare on employees uniforms
- Welfare on compensation for transportation / accommodation / allowances
- Welfare on activities
- Holidays

## **Major labor disputes in the past 3 years.**

During 2016 the Company transferred 37 employees to work with certain subsidiary and joint- venture company

## **Important disputes on labor over the last 3 years.**

- None –

## **Personnel Development Policy**

The Company has a policy to develop personnel at all levels on a regular basis to enhance their expertise and the efficiency of their work. The Company has prepared a yearly plan for in-house and outsourced training to improve their working skills in accordance with their responsibilities, which will bring benefits to the overall development for the Company.

# Corporate Governance

## 1. Corporate Governance Policy

The Board of Directors realizes the importance of the good corporate governance because we strongly believe that good corporate governance can help the company achieve our corporate commitment in becoming a leading efficient organization equipped with good corporate governance and management excellence. In addition, good corporate governance is also a critical success factor to the company's continuous business growth and stability which shall impact the confidence of shareholders, investors and all relevant parties as well as long-term business value of the company. The Board of Directors has established the Good Corporate Governance policy for the Company based on the 5 principles for good corporate governance issued by the Stock Exchange of Thailand as follows:-

### Chapter 1 : The Rights of Shareholders

The Company is aware of the importance of the rights of the shareholders and no action is taken to restrict or violate or deprive of the rights of the shareholders. Therefore, the Company should encourage shareholders to exercise their rights. Basic shareholder rights include the right to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company in a timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the company's articles of association or bylaws, capital increases or decreases, or the approval of extraordinary transactions.

Apart from the aforementioned fundamental rights, the Company also operations in various matters to facilitate the exercise of shareholders' equities as follow:-

- 1.) The Company shall deliver a meeting invitation letter together with support information specifying place, date, time relevant to meeting agenda not later than 7 days to the shareholders to study the information prior to the meeting date.
- 2.) Chairman of the meeting shall inform the shareholders of rules of the meeting and voting procedures. All shareholders shall be treated equally in expressing their opinion and raising questions in the meeting. Directors and relevant management team members shall attend the shareholders' meeting to provide responses to any inquiry raised at the meeting. Time shall be allotted appropriately.
- 3.) Providing convenient channel in receiving news for shareholders by posting news and details through Company website, especially shareholders' meeting invitation letter which should be post prior to the meeting date for shareholders to conveniently and have sufficient time to study information relating to the meeting. Hard copies of information relating to the shareholders' meeting is nonetheless delivered to shareholders.
- 4.) Record the minutes of meetings with complete, accurate, timely, transparent and record down significant issues in the minutes of meeting for shareholders to review. Moreover, the Company shall present minutes of meeting on Company website for shareholders to consider as well as hand in the said minutes of meeting to The Stock Exchange of Thailand within 14 days commencing from that of shareholders' meeting.
- 5.) If a shareholder cannot attend the meeting, the Company allows the shareholders to appoint an independent director or any person to attend on their behalf with the power of attorney in any form which has been sent by the Company together with the invitation letter.

### Chapter 2 : The Equitable Treatment of Shareholders

The Company has a policy to emphasize equal and fair treatment of the shareholders including those with management positions, non-executive shareholders, local shareholders and foreign shareholders, major shareholders or minority shareholders and to ensure that the shareholders be able to trust that the company's Board of Directors and management shall use their money to maximize the long-term benefits of all shareholders appropriately as the follow guidelines:-



- 1.) Treat and provide convenience to shareholders equitably and shall not take any action that limit, violate or infringe the rights of shareholders.
- 2.) Meeting of Shareholders shall consider and vote on the agenda without significant changes or adding agenda without prior notice to shareholders unnecessarily.
- 3.) In the case that a shareholder cannot attend the meeting, the Company shall provide convenience and allow the shareholder to appoint at least 1 independent director or any other person to attend on their behalf with the power of attorney in any form which has been sent by the Company together with the invitation letter.
- 4.) The Company stipulates the duty for Independent Director to take care of the minority shareholders as minority shareholders can give suggestions, and comments to Independent Director who shall consider action as appropriated in each case. The directors shall carry out to verify the facts and find out an appropriate corrective action. For suggestion essentially affecting stakeholders as a whole or the Company's business conduct, it shall be proposed to the shareholder meeting for its consideration of inclusion thereof as agenda therein.
- 5.) The shareholders are entitled to propose items for inclusion on the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2016 annual general shareholders' meeting, this entitlement was from 4 January 2016 to 3 February 2016, the rules and procedures of which are posted on the websites of the Stock Exchange of Thailand and the Company. Nonetheless, the Company did not receive any proposed items for inclusion on the agenda nor any director nominations prior to the expiry of the said period
- 6.) The Company stipulates protection measures on insider trading of person related to Directors, Executive, employee, and person employed by the Company including spouse and children who are minors and related to the information. The Board also imposed penalty clause on disclosure of the Company's information or exploit the Company's information for personal gain and such regulations shall be declared and abided by the directors, executives, employees accordingly.
- 7.) Educating directors and executives about the duty to report their securities holding to SEC pursuant to Section 59 of the Securities and Exchange Act B.E.2535. The Board shall regularly inform any information and regulations of the SEC and the Stock Exchange of Thailand to the Board of Directors and the executives upon it has been notified thereof from such agency.

### **Chapter 3 : Role of Stakeholders**

The Company recognizes the importance of rights of every stakeholder including shareholders, customers, trading partners, counterparts or creditors, Company's employees and the society. The Company should set a clear policy on fair treatment for each and every stakeholder in accordance with the laws or mutual agreements. Any actions that can be considered in violation of stakeholders' legal rights should be prohibited.

#### **1) Treatment of Shareholders**

The Company operates business by taking into consideration the long term grown of the Company as well as provision of good return to the shareholders. The Company operates business transparency by putting in place an efficiency internal control system and has strictly prohibited performing any acts in the nature that may cause conflict of interest with the Company. The disclosed information must be accurate, sufficient and timely.

#### **2) Treatment of Employees**

The Company should provide fair remuneration to employees based on their knowledge and competency accordance with maintain good working environment for sanitation and safety to life and properties of employees. The Company also realizes that the employees are one of the important resources to develop the growth of the organization so should be treated equally and fairly as well as focuses on developing employees' potential, knowledge, and competency.

#### **3) Treatment of Customers**

The Company has taken good care of and acted responsibly toward the customers by focusing on the

production of quality and standard products. Proceed completely with responding to the wishes of the customers. The Company shall pricing appropriate services and products to the customers equally. Moreover, the Company should stress the importance of keeping the secret data of our customers truly confidential permanently.

#### 4) Treatment of the Company's Business Partners and Creditors

The Company has the policies on treating business partner and all creditors fairly, does not take advantage of business partner and shall not defraud partners or creditors as well as stringently observe contracts, agreements, and conditions given to creditors or partners. The Company is focused on developing and maintaining sustainable relationships with its business partners.

#### 5) Treatment of Competitors

The Company encourages the policy to promote the free and fair competition conforming to the rules of good competition. The Company shall define the practice under framework of good competitive roles and laws and avoid defamation of competitors as well as in strict adherence to established ethics.

#### 6) Treatment of Communities and Societies

The Company operates the business with highly concerning affects to the environment. Gradually creating awareness in the Company and among the employees at every level of the responsibility we have towards society and the environment as well as the support of any activities that are beneficial to communities and society as a whole. Comply with or supervise the compliance with laws and regulations.

### **Chapter 4 : Disclosure of Information and Transparency**

The Board of Directors recognizes the importance of disclosure of information, both financial and non-financial, that is accurate, complete and transparent as stipulated by the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as other material information that may affect the price of the Company's securities that influences the decision-making process of its investors and stakeholders. This is to ensure that all shareholders can access to the Company's information equally. After the Company has registered and became publicly listed in the Stock Exchange of Thailand, proposed the IPO shares in this time. Information on the Company is disseminated to the shareholders, investors and general public through the channels of the SET and the Company's website.

The Board of Directors recognizes the responsibility of the accurate, complete and reasonable quarter and annual financial statements and its subsidiaries under the recognized certified standard with the choice of appropriate accounting policy and practice on regular basis. Sufficient explanations to the financial statements are also inclusive in the annual report. The Company's Board of Directors intentionally maintains effective internal control system to ensure accurate and complete accounting information record with sufficiency to secure asset and realize weak points. This will prevent the Company from any important malpractice or misconduct. The Company Board of Directors has appointed the Audit Committee to take a responsibility for matters concerning quality of financial report and internal control system. The Audit Committee shall report the minutes to the Board of Directors every minutes meeting. With regard to the operations associated with investor relationships, the company did not organize a specific work unit, but assigned the Chief Executive Officer to communicate with shareholders, analyzers, and related persons and disclose information correctly, completely, and truthfully, continuously.

### **Chapter 5 : Responsibility of the Board**

The Board of Directors consists of experts with knowledge, capability and experiences that are beneficial to the running of the company and have independence in making decision for the maximum benefit of the company and shareholders. The Board of Directors participates in formulating the policy, corporate overview, consider the business plan and annual budget of the company, by assigning the management to present, and the Board of Directors shares opinions and discusses with the management. This is to create mutual agreement as well as to supervise the management to carry out the business according to the business plan and specified budget in an efficient manner. Moreover, the Board of Directors also supervises the procedures for assessing adequacy of the internal control system, financial reporting and performance monitoring on a regular basis.

### **Board of Directors' structure**

The Company requires at least one-third, but not less than 3 members of the total number of the Board of Directors must be Independent Directors acting as agents of the minority shareholders scope in order to perform the auditing and balance management of the Company to be accurate and fair, and enhance the shareholders' trust and value.

The current Board of Directors consists of 8 members, 4 executive directors and 4 non-executive 4 directors along with the Audit Committee which consists of 3 independent directors. Such board structure allows for balance in voting in the consideration of matters. The Board of Directors also appoints Committees to supervise the Company's business, as follows:-

- Audit Committee the Company's audit Committee, consisting of 3 members, is appointed to perform specific tasks and propose matters to the Board of Directors for consideration and acknowledgement. The audit Committee's rights and duties are specified in the audit Committee charter. At least one audit Committee member shall possess sufficient knowledge and experience in accounting to be able to inspect the credibility of the Company's financial statements.

- The audit committee with knowledge and experience in reviewing the financial statements of the Company is Mrs. Jitmanee Suwannapool

The Board of Directors has appointed Company Secretary having the duties and responsibilities in accordance with the Securities and Exchange Act. However, the company may recruit other sub-committees to perform their assigned tasks to alleviate the administrative burden of the Board of Directors in the future.

### **The Audit Committee's Office Term**

At each Annual General Meeting of Shareholders, one-third of the directors or the number nearest to one-third if the number is not a multiple of three must retire from office. Retiring directors may be re-elected in the Annual General Meeting.

For the Audit Committee, each member is in charge for a period of 3 years. A member of the Audit Committee whose term is ended due to the maturity of term according to the company's regulations may be appointed again. If a position in the Audit Committee is vacant due to a reason other than the end of term, the Board of Directors shall appoint a qualified person to become a member of the Audit Committee so as to ensure the complete set of the committee as specified by the Board of Directors. The person who is newly appointed will has the term length equal to the remaining term of the member of the Audit Committee he/she replaces.

### **Scope of duties and responsibilities of the Committees.**

The Company requires the Board of Directors to comply with the code of best practice in accordance with the guidelines of the SET. The directors must understand and recognize their roles, duties, and responsibilities, and perform their duties in accordance with the law, the Company's objectives and the Articles of Association, shareholders' resolutions, the charter of the Board of Directors, and the Company's corporate governance policy with integrity and honesty, with priority given to the best interests of the Company and its shareholders. The Board of Directors determines the policies, business goals, business plans, and the budget of the Company, and governs the management division to ensure compliance with the policies, plans, and budget specified with efficiency and effectiveness, for the best interests of the Company and its shareholders

### **Policy on Conflict of Interest**

The company has taken some measures in order to prevent the conflicts of the interests that may arise (within the transaction process) of the company and those persons who may create inconsistency. Due to the fact that the stakeholders in any subject will not be able to take part in the transaction, therefore it is the Board of Directors to oversee whether the company complies with the laws and regulations of the Securities and Exchange Commission announcements (as well as requirements of the Capital Market Supervisory Board and Exchange) or not. In addition, the Board of Directors have to monitor all the disclosure requirements relating to the transactions (and acquisition or disposition of assets) of the company. Their job is to strictly investigate the compliance (of transactions and assets) with the accounting standards set by the Association of Accountants.

In addition, the company may assign the Audit Committee or independents experts to examine and comment on

the appropriateness of the price strategies as well as reasonableness of the transactions. The results of the investigations will be disclosed in the form of financial statement notes in Annual Report Form (Form 56-1) and annual reports (Form 56-2). These forms have been audited or reviewed by the auditors of the company.

### **Internal Control System**

The Company recognizes the importance of an internal control system in both of executive and operation levels for effective and efficient operation of all departments. The Company has specified the scopes of duty and authority for its executives and employees clearly in writing. It also conducts the control of assets usage for the greatest benefit and divided duties among the operator, the follower and to control and separately assess to make balance and suitably audit each other. In addition, the company provided internal control about financial aspect as the company provided financial report system to propose to the responsible management.

The Company has hired a consultant to improve an internal control system and after the system has been completely improved, the Company shall hire an independent external audit to verify the internal control system to report directly to the Audit Committee.

### **Board of Directors' Meeting**

The Board of Directors' meeting follow the regulations, laws related to public limited company, and regulations of the Stock Exchange of Thailand. Special meetings are arranged if necessary. The meetings are held at least 6 times a year when the company will send an invitation letter with the meeting agenda and meeting documents as attachments to the directors no less than 7 days before the date of the meeting so that the directors have time to study the information adequately before attending the meeting. Except in the case of an emergency to protect the rights and interests of the company, the meeting will be notified by other means and then set the date for an earlier meeting. The directors of two or more persons may request the Chairman of the Board of Directors to call a meeting of the Board of Directors. In cases where two or more directors request, the Chairman shall set the date of the meeting within 14 days from the requesting date.

At Board Meetings, at least half (1/2) of the total number of directors shall be present at the meeting so that the quorum of the Board of Directors will be available for the Board to vote. The Company shall maintain the minutes of meetings and keep the said documents receiving the confirmation from the Board of Directors for future examine by the Board or related party.

### **Remuneration for the Board of Directors and Executives**

The company has determined remuneration for the directors and executives at an appropriate level, which is sufficient to retain competent directors and executives. While it avoids paying excessive remuneration, it remains the rate at the level comparable to companies in the same group of industry. Factors to be considered include experience, obligations, appraisal and scope of roles and responsibilities. The remuneration payment of the directors must be approved by the company's shareholders. For remuneration of executives, it will be in accordance with principles and policies as determined by the Company's Board of Directors in which the consideration will be made based on duties, responsibilities, performance of each executive, and operational performance of the company.

### **Report of the Board of the Directors**

The Board of Directors is responsible for the financial reports preparation including the Company's financial statements, the consolidated financial statements of the Company and subsidiaries and financial information memorandum as shown in annual report. The financial statements are prepared based on generally accepted accounting standard. The Company applies proper and acceptable accounting standard and complies with such standard regularly. The Company is very careful to prepare and manage sufficient information to disclose in the notes of financial statements.

### **Self-evaluation of the Board of Director**

The Board has evaluated their performance every year with three formats 1) person 2) team 3) sub-team in order for the Board to assess the outcome, the problems, and the obstacles during the previous year in order to fix and increase efficiency. The evaluation as a team and as a sub-team will be based on the protocols suggested by the Stock Exchange of Thailand, leading to properly changes of the company. With this, The assessment as referred to 6 topics:-

- 1) The structure and qualifications of the Board of Directors

- 2) Duty and responsibility of the Board of Directors
- 3) The Board of Directors' meeting
- 4) Performance of Directors
- 5) Relationships with the management
- 6) Self-development of Directors and management development.

#### Development of Directors and Executives

The company encourages the Board of Directors and the management to attend seminar courses that are beneficial to their functions. Courses that the Board of Directors should attend at least are courses arranged by the Thai Institute of Directors (IOD) namely Directors Certification Program courses from related supervisory agencies on a regular and constant basis. The Board of Directors has assigned the company's secretary to be a coordinator with directors to inform training courses so that directors can bring in knowledge and experiences to continuously develop the company.

Currently, the Board has 8 persons that attended such trainings by passing the program of Director Certification Program (DCP) or Director Accreditation Program (DAP) by Thai Institute of Directors (IOD).

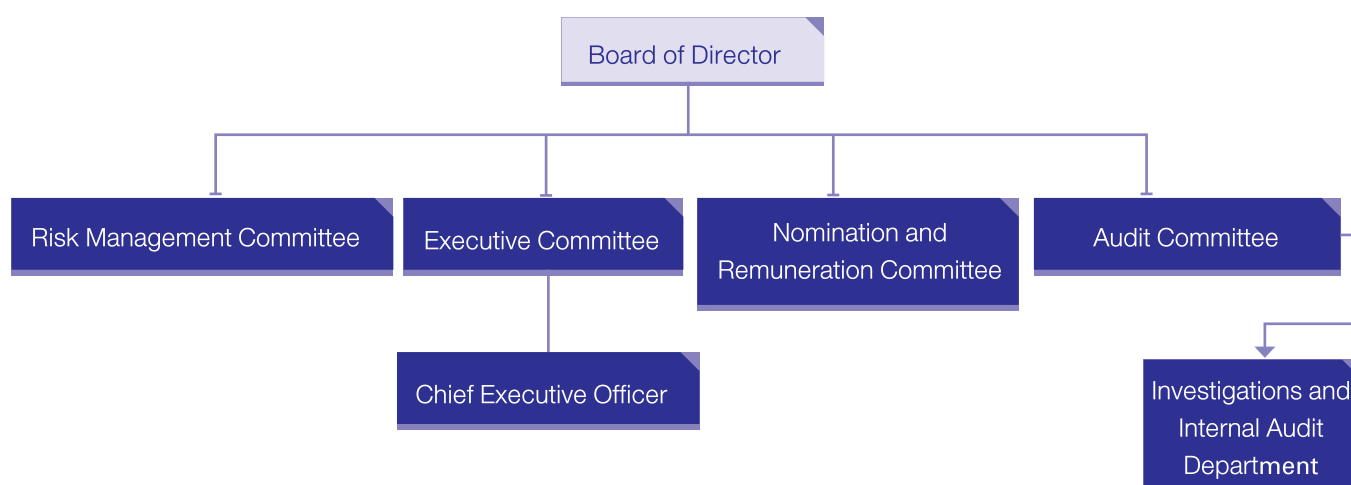
#### Report of conflicts of interests

The Board has determined the protocol in reporting of conflicts of interests of the Board and Managements for transparency in order to prevent the problem that will lead to benefit conflicts as the followings

- The Board or Managements including family members that are associated or are the shareholders must report the conflict of interest to the company by each member must report the information since the day he or she started.
- The Board determines the evaluation of the conflicts of interests in July of every year
- The Board or Managements have the duties to report the stock holding of the company. If any changes, they must report to the Stock Exchange Commissioner within 3 days after changes.
- The Board assigns the Corporate Secretary to record the report of conflicts of interests.

#### **2. Committees**

The Company's management structure comprises 5 of Board of Directors such as Board of the Company's Directors, Board of Executive Directors, Audit Committee, Nomination and Remuneration Committee



#### **Roles and Responsibilities of the Board of Director**

At the Board of Directors' Meeting No.1/2013 on July 18, 2013, the Board of Director has been deputed to take a responsibility to manage the Company in accordance with objectives, articles of association, and resolutions of shareholders' meeting. The summary of duties and responsibilities of the Executive Committee are as follows:



- 1.) Perform the duty in the most professional manner to comply with all laws, the company's objectives, articles of association and shareholder's resolutions as well as to preserve the company's benefit and interests.
- 2.) The Board of Directors shall manage to have a shareholders' meeting as annual general meeting within four months after the end of the Company's accounting period.
- 3.) Board of Directors meetings are required minimum once of each quarter.
- 4.) Prepare a balance sheet and a profit and loss statement of the Company as of the end of the accounting period and to propose such reports which are audited by the external auditor to the shareholder's meeting for their consideration and approval.
- 5.) Set goals, procedures, policies, plans and budgets of the Company, to govern the administration of the management to be in compliance with the specified policies.
- 6.) Evaluate the operation and ensure that the plan and budget are followed. The Board of Directors also shall take the role of determining business strategies, policies, plans, and budgets.
- 7.) Determine and approve other function which related to the Company which shall be provided maximum benefit to the Company.
- 8.) Scrutinizes the transactions required to be submitted for shareholders' approvals in the shareholders' meetings, with main session in the Annual General Meeting as follows:
  - Consider the Board of Director's reports showing the Company's performances which will be proposed to the meeting
  - Consider and approve the financial statements
  - Consider profit appropriation
  - Nominate new directors to replace the retiring directors, the auditor and determine the auditor's remunerations
  - Consider the transaction with possible conflicts of interest which must be approved by shareholders
  - Other matters.
- 9.) Acknowledge the importance of the Audit Committee or internal audit's report including audit and consult with other sections of the Company. Also take responsibility to set the solution.
- 10.) Consider the organization structure, to nominate the management and other Committee as appropriate including considering the appropriateness of an appointment of the Company secretary in accordance with the SEC rule.
- 11.) The Board of Directors shall neither engage in the business of the same nature as the Company that might compete with the Company, nor a partner in the partnership, unlimited-liability partner in limited partnership, or director of another company limited or public company limited that engages in the business of the same nature as the Company that might compete with the Company, unless informing to the shareholders' meeting prior to the appointment.
- 12.) Ensure management's accountability to shareholders and preserve their rights and interests. Report financial data and other information to shareholders, stakeholders and investors correctly in accordance with the laws.
- 13.) The Board of Directors shall authorize one or many of director(s) or any other person to perform the duties on behalf of the Board of Directors under the Board of Directors' supervision or delegate such persons to have authorities and over the period the Board of Directors deems appropriate where the Board of Directors can revoke or alter such delegation of authorities as they deem appropriate.
- 14.) Consider a performance evaluation of the Company's Board of Directors and other Committees including overseeing an arrangement of an effective procedure for an assessment of the Company's executives' duty performance.

- 15.) If there are any laws, rules or the Company's roles which have been set up for distinct scopes of authority for the Board of Directors, the Board of Directors shall operate under those laws, rules or the Company's roles. In case the Board of Directors' action due to their interest or gain/ loss in accordance with the regulations of the SEC and/ or related laws, the authorities shall be ineffective.
- 16.) Authorization of duty and responsibility of the executive committee shall not constitute authorization or sub-authorization that enable the person authorized by the executive committee to approve a transaction in which they or other persons likely with a conflict (as defined by the notifications of the Capital Market Supervisory Board, the SET, or relevant organizations) have an interest or any other conflict of interest with the Company, subsidiary, and/or related company unless it is the transaction in the nature of normal course of business operation in accordance with the notifications of the Capital Market Supervisory Board, the SET, and/or relevant organizations.
- 17.) The Board of Directors shall be able to authorize the following transactions after they receive the Shareholders' Meeting approval to do so. For the transactions that might lead to any conflicts of interests, the director who might have such conflict of interest must not vote on that transaction.
  - The transactions that are required by law to receive the Shareholders' Meeting approval.
  - The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.
- 18.) The transactions as specified below shall be approved by the Board of Directors' Meeting and the Shareholders' Meeting with not less than three-fourth of the voting right of the shareholders who are present at the meeting and have the right to vote.
  - Disposition or transfer of the part or the whole of the Company to others;
  - Acquisition of the part or the whole of others;
  - Engage in, amend or cancel the rental agreement of the whole or any significant business of the Company, to assign others to manage the Company and to merge the Company with others with a purpose of profit sharing;
  - Revision of the memorandum of association;
  - To increase, decrease, issue debentures, to merge and to liquidate the Company
  - Perform any other activities those are required by securities laws or regulations of the Stock Exchange of Thailand to have the approval of the Board of Directors' Meeting and the Shareholders' Meeting with such aforementioned voting condition.

However, such appointment does not include the authority to approve the transactions that such directors and/ or their related persons have the conflict of interests with the Company or its subsidiary.

In addition, the board of directors shall have the duty and responsibility to govern the Company to comply with the laws related to the securities and the stock exchange including the undertaking of the connected transaction and the acquisition and disposition of major assets as per the rules and regulations of the stock exchange of Thailand and other relevant laws.

#### **Roles and Responsibilities of the Audit Committee**

At the Board of Directors' Meeting No.1/2013 on July 18, 2013, the Audit Committee has been deputed to take a responsibility as follows:

- 1.) Review to ensure proper financial reporting and adequate disclosure by coordinating with an auditor from outside, with the management being responsible for producing financial reports both quarterly and annually. The Audit Committee might suggest the auditor to review or audit any transactions deemed necessary and important during an audit;
- 2.) Review the Company's internal control system and internal audit system to ensure that they are suitable and

effective, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;

- 3.) Review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- 4.) 4. Consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- 5.) 5. Review the Connected Transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
- 6.) 6. Prepare, and to disclose in the Company's annual report, an Audit Committee's Report which will be signed by the Audit Committee's Chairman and consist of at least the following information:
  - an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - an opinion on the adequacy of the Company's internal control system,
  - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - an opinion on the suitability of an auditor,
  - an opinion on the transactions that may lead to conflicts of interests,
  - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
- 7.) Perform any other act as required by law or as delegated by the Board of Directors."
- 8.) Reporting the findings or suspicious transactions or any of the following acts such as a transaction which causes a conflict of interest; any fraud, irregularity, or material defect in an internal control system; or an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law relating to the Company's business which may materially affect the Company's financial condition and operating results to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit. If the Company's Board of Directors or Management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

To act otherwise as required by the laws or entrusted by the Board of Directors; when performing along its scopes of work, the Audit Committee shall be empowered to order President and Chief Executive Officer, senior executives, heads of department or related staff to provide their opinions, participate in meeting or submit documents deemed necessary or relevant. The Audit Committee can request assistance from external advisors or experts related to the audit operation, at the Company's expense, in accordance with the Company's regulation as necessary.

#### **Roles and Responsibilities of Risk Management Committee**

At the Board of Directors' Meeting No.2/2013 on March 31, 2013, the Risk Management Committee has been deputed to take a responsibility as follows:

- 1.) Support the Board of Directors in setting risk management policy and acceptable risk level,
- 2.) Establish risk management profile to align with the Risk Management Policy, following the compliance, review

the effectiveness of risk management profile,

- 3.) Consider and review risk management report and performing to ensure that the Company's risk management is adequate and appropriate, can be managed in acceptable level and is performed,
- 4.) Continuously coordinate with the audit committee through the knowledge and information exchange about the risks and internal control which shall affect or may affect to the Company.
- 5.) Decision and provide guidance on the key issues which shall arise in the risk management procedure.
- 6.) Report the operating performance of the Risk Management Committee to the Audit Committee to acknowledge and/or to consider regularly quarter.

### **Roles and Responsibilities of Nomination and Remuneration Committee**

At the Board of Directors' Meeting No.2/2013 on March 31, 2013, the Nomination and Remuneration Committee has been deputed to take a responsibility as follows:

#### **Nomination**

- Setting guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications,
- Proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
- Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
- Executing other tasks related to nominations as assigned by the Board of Directors.
- Evaluating the performance of the top management and reporting to the Board of Directors for their consent.

#### **Remuneration**

- Preparing guidelines and policies in determining the Board of Directors and other sub-committees' remuneration, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
- Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
- Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.
- Reporting policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors. The management team and other units have to report or present the information relating to the NRC in order to support the operation of the NRC to achieve their assigned tasks.

### **Roles and Responsibilities of the Executive Committee**

The Board of Directors Meeting No. 1/2014 on 26 February 2014 resolved that the Executive Committee hold the roles and responsibilities in performing the overall management of the Company. The Executive Committee also creates policies, budgeted business plan, management structure, rules and regulations and authority of the Company in accordance

with the current economic situation and submits to the Board of Directors for approval and audit. The roles and responsibilities are as follows:

- 1.) Operating and managing business according to the policies and reporting the Company's performance to the Board of Directors.
- 2.) Setting and preparing the Company's business strategies, policies, business plans and budget structure to the Board of Directors for approval.
- 3.) Setting an appropriate approval authority limit for each executive, categorizing the roles and responsibilities which may cause fraudulent, controlling the practice according to the rules and procedures, and submitting to the Board of Directors for approval.
- 4.) Considering the organizational structure for the approval of the Board of Directors.
- 5.) Managing the overall human resources management including remuneration structure, recruitment process, transfer procedures, dismissal, punishment and reward of employees.
- 6.) Considering and permitting the financial operations with commercial banks or financial institutions as approved by the Board of Directors. Such transactions include opening and closing bank accounts, borrowing and lending funds, financing funds, pledging, mortgaging, guaranteeing, buying and selling as well as signing the proprietary right of the land.
- 7.) Considering and permitting the investment and investment budget as stated in the approval process manual.
- 8.) Considering and permitting each department's operation plan as well as the over-limit requisitions as authorized by the Board of Directors.
- 9.) Considering and permitting the appointment of committees required for the smoothness of the Company's operations.
- 10.) Considering the fundraising for the approval of the Board of Directors.
- 11.) Being responsible for other assignments periodically delegated by the Board of Directors.

The above duties and responsibilities do not give the Executive Committee the authority to approve transactions in which they or any related persons may have any potential conflicts of interest (as defined by The Securities and Exchange Commission or The Stock Exchange of Thailand) with the Company or subsidiaries. All transactions must be approved by the Board of Directors and/or the Annual General Meeting according to the Company's regulations or related laws unless such transactions are the Company's general business transactions.

In addition, the Board of Directors Meeting No. 4/2013 on 28 October 2013 resolved that the Executive Committee approves the budgeted general business transactions up to ten million baht, other budgeted business assets transactions up to ten million baht and budgeted financial transactions up to ten million baht. For transactions over ten million baht, an approval is required from the Board of Directors. The Executive Committee is also authorized to approve unbudgeted transactions of not more than ten per cent of the approved annual budget.

#### **Roles and Responsibilities of Chief Executive Officer**

The Board of Directors Meeting No. 1/2013 on 18 July 2013 resolved that the Chief Executive Officer holds the following roles and responsibilities:

- 1.) Performing all duties in compliance with the related laws by The Securities and Exchange Commission Announcements or The Stock Exchange of Thailand Notifications, company objectives and articles of association and Board of Directors', Annual General Meeting's and Shareholders' Meeting's resolutions.
- 2.) Managing and operating the business in accordance with the Board of Directors' strategies, plans and its annual budget to ensure the goals are achieved.
- 3.) Implementing mission of the Company in accordance with the budget, business and strategic plans set by the Board of Directors.



- 4.) Managing the overall business operations of the Company in financial, marketing, human resources sections and other departments according to the policies set by the Board of Directors.
- 5.) Being responsible for human resources management such as remuneration structure, recruitment process, transfer procedures, dismissal of employees as well as authorizing the attorney to perform such operations.
- 6.) Allocating reward, salary increase, remuneration and special bonus apart from the usual annual bonus.
- 7.) Negotiating, signing contracts and/or general business transactions within the budgeted plans as authorized by the Board of Directors.
- 8.) Setting rules, regulations, announcements and memorandums for proper and smooth business operations as well as the benefit of the Company.
- 9.) Being responsible for other assignments periodically delegated by the Board of Directors.
- 10.) Arranging the attorney in accordance with the power of attorney and/or the Board of Directors' resolutions. Such arrangement must not authorize the attorney to approve the transactions which may cause direct or indirect damages, leading to personal or others benefits with or without any individual returns (according to The Securities and Exchange Commission Announcements) unless such transactions are in accordance with the policies and regulations of the Board of Directors or Shareholders' Meeting.

In addition, the Board of Directors Meeting No. 4/2013 on 28 October 2013 resolved that the Chief Executive Officer approves the budgeted general business transactions up to five million baht, other budgeted business assets transactions up to one million baht and budgeted financial transactions up to one million baht. For transactions over such authorized amounts, an approval is required from the Executive Committee or the Board of Directors as the case may be. The Chief Executive Officer is also authorized to approve unbudgeted transactions of not more than ten per cent of the approved annual budget.

### **3. Nomination and Selection of Directors and Management**

#### **Nomination and Selection of Independent Directors**

The Nomination and Remuneration Committee has responsibilities to make primary recommendations to the nomination and selection process for independent directors who must possess the qualifications as stipulated by the Company and in accordance with The Securities and Exchange Commission Announcements or The Stock Exchange of Thailand Notifications. The Directors will consider the qualifications of the Independent Directors from delegates who possess proper knowledge, capabilities and experiences, and propose to the Annual General Meeting for nomination as directors of the Company. There must be at least three independent directors, and not less than one-third of the Board size with the following qualifications:

- 1.) Holding not more than one percent of the total voting shares of the Company, a subsidiary, an affiliate, other associate company, a major shareholder, or a controlling person, including shares held by related persons.
- 2.) Neither being nor used to take part in management, or being an employee, staff member, advisor receiving a regular salary, or controlling person of the Company, a subsidiary, an affiliate, other associate company, a major shareholder, or a controlling person in the past two years unless the foregoing relationship has ended not less than two years. The above prohibited characters exclude the independent director who is a government employee or consultant who is major shareholders or controlling person of the Company.
- 3.) Not being a close relative by birth or by legal registration as a parent, a spouse, a brother or sister, a son or daughter of management, a controlling person, a shareholder or a person nominated as management or a controlling person of the Company or its subsidiary.
- 4.) Neither having nor used to involve in a business relationship with the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person in such a way that will obstruct his independent judgment including not being a major shareholder or a controlling person of the person who has a business relationship with the company, a subsidiary, an affiliate, a major shareholder, or a controlling person unless the foregoing relationship has ended not less than two years, a business relationship includes a normal cause of business

transaction, a rent or lease of property, a transaction related to assets, service, providing or receiving financial support such as borrowing, lending, guaranteeing, or assignment resulting in the Company or other party being in debt obligation of more than three per cent of net tangible assets of the Company of twenty million baht, whichever is lower. The calculation of debt obligation shall be in accordance with the calculation of value of related party transaction specified by the Capital Market Supervisory Board's Announcement of Related Party Transaction including debt obligation one year prior to the date that business relationship starts.

- 5.) Neither being nor used to be an external auditor of the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person of the Company and not being a shareholder holding major portion in an audit office of an external auditor of the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person in the past two years.
- 6.) Neither being nor used to be a provider of professional service such as legal or financial services and receives a professional fee of more than two million baht per year from the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person and not being a major shareholder or a partner of such a provider of professional service in the past two years.
- 7.) Not being a director representing another director of the Company, a major shareholder, or a shareholder related to a major shareholder.
- 8.) Not being in a business substantially the same and compete with the Company, or a subsidiary, or not being a principal partner in a business partnership or being a director involving in management, employee, staff member, advisor receiving a regular salary, or holds of shares with voting right more than one per cent of total number of voting right of other company that engages in a business substantially the same and compete with the Company and its subsidiary.
- 9.) Be able to express an independent opinion with respect to the operation of the Company.

The Board of Director contains 4 independent members, which are the persons with knowledge or competency and truly have the freedom to operate such as no business connection to the company, no connect to other influences that might affect the independent performance.

#### **Terms of the Independent Director**

The Board determines the independent Director to be in position for 3 years and will circulate and retire as 1 in 3 of the entire team accordingly. When the term comes, the committee could be presented to the Annual General Meeting of Shareholders to continue as the Board and to come back in the position. The independent committee will in the position for no longer than 3 terms or 9 years starting from the day of accepting the position. In addition, the board of directors should clearly state a policy that independent directors who have served on the Board beyond nine years from the date of their first appointment should be subject to particularly rigorous review of their continued independence. In 2016, no independent committee stays more than 9 years..

#### **Recruitment of Directors and Management**

In selecting experts to take up a position of directors who complete the term, or in other cases, to propose to the company in selecting persons who are nominated to be candidates to the meeting of shareholders for approval, the company has a procedure to select experts from their expertise, visions, leadership, morale, transparent work background and ability to express opinions independently. The composition of the company's directors and the selection, appointment, or removal from the position of a director of the company has been determined in the regulations of the company which can be concluded as follows:

- 1.) The Board of Directors consists of at least 5 directors who are elected in the meeting of shareholders. The members of the Board must contain at least 3 directors from the Audit Committee and at least a half of the total number of directors must reside in Thailand.
- 2.) The meeting of shareholders is responsible for electing directors according to the following rules and methods:

- Each shareholder has 1 vote for 1 share.
  - Each shareholder will cast all of their votes according to elect one person or more than one person to be a director. In case of electing more than one person, the votes will not be divided unequally between the elected persons.
  - Persons with the highest votes in order respectively will be elected as directors equaling to the number of directors that are supposed to be or to elect in a particular occasion. In case that persons in the second orders have the same number of votes and more than the number of directors that are supposed to be or to select in a particular occasion, the chairman of the meeting shall have the deciding vote.
- 3.) In every Annual General Meeting of shareholders, the terms of one-third (1/3) of the current number of the Directors will be ended. If the number of Directors could not be divided into three proportions, the number of Directors whose terms will be ended will be the closet number to the one-third proportion. Directors whose terms are ended in the first and the second years after the registration of the company will be decided by drawing lots. For the consecutive years, the Directors who are in the positions the longest will be removed. However, those Directors who are removed may be elected to fill the positions again.
- 4.) In addition to the end of the term. Directors will vacate when
- Death
  - Resign
  - Be without qualifications or possess of the characteristics prohibited under Act and the related Notification.
  - In casting a vote on which Directors whose terms should be ended before seeing out their actual terms, the number of votes must be at least no less than three-fourth of the number of shareholders attending the meeting and having the right to vote, and that the total number of shares must be no less than a half of the number of shares held by the shareholders who attend the meeting and having the right to vote
- 5.) Any director who is resigning from the position should submit the letter of resignation to the company with the effective date from the date that the letter of resignation reaches the company.

The Board must allow the shareholders to present a name with qualifications to become a Board member. In 2016, no name was nominated by shareholders

#### **Recruitment and Appointment of the Audit Committee**

The Audit Committee of the company must be the company's director who is appointed from the Board of Directors and have qualifications as specified by the securities law and the Stock Exchange of Thailand. The Audit Committee must contain no less than 3 persons and at least 1 director must have knowledge on accounting and finance.

#### **Recruitment and Appointment of the Risk Management Committee**

The Risk Management Committee is appointed by the Board of Directors to define and implement strategies for overall risk management. In addition, the Risk Management Committee is responsible for developing and reviewing management systems and risk management in line with the policy consistently. One of the Risk Management Committee shall be appointed to be the chairman of the Risk Management Committee by the Boards of Directors. He/she shall have the qualifications required by the Securities Laws and the Stock Exchange of Thailand, including regulations and / or regulations of the Stock Exchange of Thailand

#### **Recruitment and Appointment of the Nomination and Remuneration Committee**

The Board of Directors shall nominate the Nomination and Remuneration Committee by election from the number of independent directors and executives as deemed appropriate to be independent to nominate directors and determine remuneration which is suitable for the company. One of the Nomination and Remuneration Committee shall be appointed to be the chairman of the Nomination and Remuneration Committee by the Boards of Directors. He/she shall have the qualifications required by the Securities Laws and the Stock Exchange of Thailand, including regulations and / or regulations of the Stock Exchange of Thailand

### Recruitment and Appointment of the Executives Committee

The Board of Directors is responsible for proposing the appointment of the Executives Committee by electing from Directors and/or a certain number of Management as it sees appropriate and the Board of Directors will appoint one of the members of the Executives Committee to be the chairman of the Executives Committee.

### Nomination and Appointment of Chief Executive Officer

The Executive Committee will nominate the qualified delegates with proper knowledge, capabilities and experiences for the position of Chief Executive Officer for the Nomination and Remuneration Committee and Board of Directors' approval.

### Corporate Governance of the Subsidiaries, Joint Venture and Other Joint Venture

The Company has always put great emphasis on good governance policy in line with business operation. The Company has also set up a policy to supervise its subsidiaries, affiliated companies and other associated companies for the purpose of overseeing those companies. The Board of Directors has a regulatory mechanism that regulates, manages, and is responsible for the operations of its subsidiaries, associated companies and other affiliates in order to maintain the interests of the company's investment, including:

- Sending of a person to represent the Company as a director of the invested company in proportion to the shareholding. The company's representative shall be a person without any conflict of interest with the business of such subsidiary, associated or other associated company
- The company's representative will oversee that its subsidiaries, associates and other affiliates comply with the rules and regulations set forth in the company's regulations and the laws governing the conduct of business. In addition, the company's representative must ensure that the subsidiary has the regulations governing connected transactions, the acquisition or disposition of assets or other important transactions of such company shall be complete and accurate, and apply the rules related to disclosure and the above transaction in the same manner as the Company's criteria.
- Supervision of disclosure of financial status and operating results, including important transactions to be consistent with the rules of the company, and to keep the records and accounting records of the company so that the company can review and collect the consolidated financial statements in a timely manner

### Inside Information Usage Control

The Company adopts a policy on confidentiality and treatment of insider information as follows:

1. The Company shall educate the directors and management including the spouse and minor children about reporting of their securities holding and changes in securities holding in the Company to The Securities and Exchange Commission according to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act B.E. 2535 (including the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to The Securities and Exchange Commission under Section 246 and the penalty provisions under Section 298 of The Securities and Exchange Act B.E. 2535 (include the amendment).
2. The Company shall ensure the directors and management including their spouse and minor children to report the holding of securities and report the change in the Company's securities holdings to The Securities and Exchange Commission pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act B.E. 2535 (include the amendment) and send copies of this report to the Company the same day that the reports are submitted to The Securities and Exchange Commission.
3. The directors, management and employees who have access to crucial insider information that could affect trading prices of the Company's securities of their being prohibited from trading the Company's securities during a 30 days period prior to announcement of the Company's working results and during 24 hours period after the disclosure of such information to the public and The Stock Exchange of Thailand. The penalties for the violation are regarded as a disciplinary offense under the regulations of the Company and the Company will consider sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.

4. The Company shall prohibit the Board, executive, employee and worker of the Company from using the existing inside information or which effect the change of the Company's security value non-disclosed to public, but acknowledged by entity or position for the trading or proposal of trading, or offering of shares or securities (if any) of the Company, neither direct or indirect means that may cause direct or indirect damages, leading to personal or others benefits, or disclosing such facts for others to do so with or without any individual returns.

#### **Auditor Free**

The Audit Committee will consider auditors according to the assessment standard of the company such as independence in working, quality of work, and working standard. The auditors must have qualifications according to The Stock Exchange of Thailand.

They must not relate to the stakeholders of the company, subsidiary, executives, major shareholder, and associated persons. They must have freedom to Audit and give opinion to the financial statement of the company.

For the year ended 31 December 2016, the Company paid audit fee of 2.37 million baht to S.P. Audit Co., Ltd. This fee included the service of quarterly and annual audit of the Company but excluded other non-audit services such as photocopy and travelling expenses.

#### **Other Good Corporate Governance**

- None -



# Corporate Social Responsibility

## Overall Policies

NCL International Logistics Limited (PCL) is committed to conducting business that would have economic and social benefits. The Board of Directors' Meeting, no. 2/2014, approved a policy towards corporate social and environmental responsibility under the following eight principles:

1. Good corporate governance : The Company aims to do business legally and it follows all related regulations. It operates with transparency, discloses information that is important and auditable, and follows good corporate governance policy, taking into account benefits for all shareholders.
2. Fair business: The Company promotes free trade competition, avoids any operation that may cause a conflict of interest and intellectual property infringement, and encourages social responsibility in every step of the business chain.
3. Anti-corruption : The Company opposes corruption both inside and outside the organization for transparency and auditability, provides cooperation with different organizations to combat any form of corruption, and encourage employees to be aware of anti-corruption.
4. Human rights and treatment of employees : The Company promotes and respects the protection of human rights and treats employees equally and fairly. The Company provides employee welfare, safety and hygiene at work. It also promotes learning and human development to upgrade employee skills to a professional level. The Company continually develops working systems and encourages employee participation in making a contribution to society, either directly or indirectly.
5. Responsibility to the consumers : The Company develops services that are not harmful to the consumers or the environment and maintains a quality of services that meets or exceeds the consumers' expectations, under fair conditions. Also, the Company provides the customers with accurate, adequate and non-exaggerated information about its products and services, as well as protecting the customers' private information and does not use them illegally for personal or other stakeholders' benefits.
6. Environment and security : The Company conducts analyses on environmental and safety risks and impacts in every business process and utilizes resources with efficiency and energy-saving using universal principles.
7. Participation in community and social development : The Company promotes the use of business processes to enhance the quality of life, strengthen the economy, and strengthen Thai society and neighboring communities.
8. Development and dissemination of innovations from social responsibility : The Company supports creativity and promotes co-creation of the stakeholders in innovations that generate a balance between business values and the values of local communities, society as a whole, and the environment in conjunction with sustainable business growth.

## Operation and Report Preparation

The Executive Committee is responsible for preparing a Corporate Social Responsibility (CSR) and environment to be presented to the Board of Directors annually, implementation of corporate social responsibility and environmental policy, and operating in accordance with the policies disclosed by the Company

Throughout the years, the Company conducts its business based on social responsibility in order to achieve sustainability. By 2016, the Company continues to strive to develop every aspect of its work processes, in order to build CSR in processes, by improving and developing new things to add value and meet the needs of every customer group such as provides comprehensive coverage of every need, the attention to customer needs, comprehensive service, standards and accountability, reduce costs to customers, accurate, complete, within a specified period.

• **Human rights and treatment of employees :** The Company respects human rights, both within and outside the organization. The Company treated partners and those who wished to have business contact with the Company regardless of their race, religion, or any other factors that would lead to disrespect for human rights. Within the organization, the Company treated employees under employment contracts equally and did not discriminate against sex, race, religion or other factors that would bring about division and inequality. The practices per employee are in accordance with the Business Ethics Guide and the guidelines are in line with the Business Ethics Guide and the Code of Conduct to serve as a guideline for all employees. It is considered a practice in the Ethics Handbook be part of “Staff Rules and Regulations” which employees should practice. The Company has clarified the business ethics to all employees when they joined the Company. The Company also organizes meetings of the Board of Directors, executives, and employees on an annual basis to create morale, intimacy, and to build a good relationship between the board of directors, executives, and employees, and also informing direction, policy, results of operations each year to all. In 2016, the meeting was held on December 2, 2016 at the Royal Palace Naval Chamber.



The Company gives employees at all levels the opportunity to express their opinions, to address issues and suggestions for work and cohabitation which can be reported directly to the management. In case the employee has a complaint, the Company has clear procedures and procedures for all employees' complaints. The Company will find a way to settle quickly and fairly to limit the problem to a broad range.

The Company has developed a form for employee satisfaction assessment on the Company, to express concern, and the sincerity of the Company towards the improvement and development of staff, and to move forward together. If employees have any further questions or comments, the Company, by the relevant management, will consider and communicate with the staff quickly.

In addition, the Company has promoted its employees to advance with the knowledge and skills by setting a minimum annual training plan for employees in various areas.

• **Consumer Responsibility :** The Company attaches great importance to the responsibility of stakeholders in the business chain, including shareholders, customers, business partners and business competitors. The Code of Conduct has also been adopted as a guideline for the Company's operations. The following principles of customer responsibility apply.

- Delivering quality products and services to meet agreement at fair price.
- Providing accurate, adequate and up-to-date information to customers about the Company's business and services, without exaggeration which will cause customer misunderstanding about the quality of the service.
- Communicating with clients with courtesy, efficiency, and customer trust and provide a system to process customer complaints about the quality and safety of services.
- Maintaining customer confidentiality and do not apply for their own interests or those involving wrongful
- The Company formulated the vision, mission and goals for its business which was notified on July 18, 2013. This aimed to stress that all employees must properly price products and services for the customers equally, offer the best and most suitable logistics options for respective customers, as well as establish an efficient network of partners in order to achieve sustainable growth together with the customers and partners.

• **Anti-corruption** : The Company launched a policy toward compliance with anti-corruption laws. It defined anti-corruption guidelines in the Company's Business Code under the headings "Policy on Receiving and Giving Gifts and Recompenses" and "Policy on Prevention of Corruption and Bribery" (See details in Section 12.4: Guidelines for Prevention of Involvement in Corruption), which was announced to employees on July 20, 2013.

Thus, the Company has declared its intention in joining the Collective Action Coalition since March 11, 2015 organized by private sectors in anti-corruption.

### Social and Environmental Activities (After Process)

The Company continuously encourages and supports activities to benefit society and the environment, especially the educational support and cultivate the moral to the youth which will grow into a major force in the future.

- The Company has promoted and supported education which is considered as the cornerstone of the country's development. If the foundation is good, stable and strong, it will lead to future development of the nation. In October 2016, the Company participated in the project to support education for hill tribe children in Nan province by donating 100,000 baht through the Human Development Foundation (Mercy Center), establishing a hill tribe child care center at Nan province to promote education, provide accommodation - food, care and ethics training for these children to grow as the population of a strong society in the future.



- From problem of oversupply and depressed prices, the Company has the idea to participate in helping and supporting farmers to overcome the problem and in response to the state policy of contributing to farmers under the slogan of the Department of Community Development. "Giving rice is helping". Thai rice is rich in nutrients and nutrition which is able to promote good health, to keep the body healthy, and safe from diseases. The company has supported 105 jasmine rice (Provincial fragrant rice) from the community welfare mill (Medium rice mill), Baan Sa Yai Chee, Nern Po Sub-District, Sampran District, Phichit Province, founded by hundreds of villagers. The Company will give those rice to its customers, partners, and employees on the occasion of the upcoming New Year 2017.



## **Guidelines for Prevention of Involvement in Corruption**

The Company is committed to running its business using good corporate governance principles. The Company takes responsibility for society, the environment, and all stakeholders, and it has formulated policies towards the compliance with anti-corruption laws. Also, it has defined the anti-corruption guidelines in the Company's Business Code under the headings "Policy on Receiving and Giving Gifts and Recompenses" and "Policy on Prevention of Corruption and Bribery," which are outlined as follows:

### **Policy on Receiving and Giving Gifts and Recompenses**

- Executives and employees are prohibited from asking for any benefit from partners or those who do business with the Company.
- Executives and employees are prohibited from offering any benefit to any other third parties or partners in any attempt to persuade them to commit an unlawful action.

### **Policy on Prevention of Corruption and Bribery**

- Receiving or giving property, or any other benefit that may produce motivation to make an unlawful decision, must be done correctly and straightforwardly, and it must be ensured that the actions will not lead to any criticism of, or a bad reputation to, the Company. What the Directors have received must be kept in the office or distributed to the employees.
- Procurements must conform to the procedures set forth in the Company's regulations and they should be fair for stakeholders. The decisions on procurements must take into account the reasonableness of prices, quality and services to receive, and transparent auditability.
- As for transactions with the government sector, the Company shall avoid any actions that may persuade the government sector or government officers to take wrongful or improper actions. However, building a good mutual relationship or taking any actions within a proper extent and customary practices are acceptable, e.g. extending congratulations or giving a bouquet for special occasions.

### **Penalty**

The Company has authorized the CEO, Deputy CEO or supervisors in each department to consider and take disciplinary actions on employees who have committed wrong actions or fail to comply with the Company's regulations. The disciplinary actions are imposed according to the severity of the offense, ranging from a verbal warning to suspension or dismissal.

The policy was approved at the Board of Directors' Meeting, no. 1/2013, and notification was given to the employees on July 18, 2013.



# Internal Control and Risk Management

## The Board of Directors' Opinions about the Company's Internal Control System

The Board realizes the importance of internal control by assigning the Audit Committee composed of independent committee comprised of 3 Audit Committee to examine and assess the internal control system to appoint the Act-Plus Consultants Co., Ltd. to internally audit the company and directly report to the Audit Committee. This company has a duty to inspect working system of each department of the company according to the yearly examination approved by the Audit Committee. The objective is to ensure efficient performance, good resource usage, correct financial operation, following on regulation and rules, evaluation of efficiency of control system so that the business can be operated and reaches maximum benefits for all stakeholders. The Audit Committee also has a duty in considering and choosing auditors and auditor compensation, and in considering the publicizing the company information for correctness in the case of related issues and benefit conflicts.

At the NCL International Logistics PCL's Board of Directors' Meeting, No. 2/2016 on February 29, 2016, which consisted of 4 independent directors and 3 Audit Committee members, the Board assessed the adequacy of the Company's internal control system based on the Securities and Exchange Commission's Adequacy Assessment Form for the Internal Control System. Inquiries were conducted with the management concerning five components: 1) Organization and the control environment, 2) Risk assessment and management, 3) Control of the management's operation, 4) Information and communication system, and 5) Monitoring and evaluation system.

Based on information from the management and the Adequacy Assessment Form for the Internal Control System, the Board concluded that the Company's management and internal control system are adequate. That is, the management encouraged the Company's staff to become aware of the necessity of internal control and provided a sufficient number of personnel to operate the internal control system adequately and appropriately and to efficiently improve the internal control system in line with changing situations. All of these aimed to allow the Company's operation to achieve its objectives and to comply with laws and regulations and the principles of good corporate governance. The Company clearly defined personnel's roles and responsibilities, regulations, policies, levels of authority for management, and levels of authority for approval, in writing.

In addition, the Company provided an independent audit unit that was responsible for monitoring and evaluating its internal control. The Company outsourced the examination of the Company's internal audit system to an external body, which reports on this matter directly to the Audit Committee. This aimed to review the systems of activities to ensure that they meet the Company's overall objectives and goal and to ensure that the systems are able to adequately and appropriately control the transactions by persons who may have conflicts of interest or connected persons, including shareholders, directors, management or persons related to these persons. The Company was able to protect its assets from abuse or unauthorized use by persons who may have such conflicts. As for other components, the Board of Directors concluded that the Company had adequate internal control over them.

## The Audit Committee' Opinions about the Company's Internal Control System that are different from the Board and the auditor

- None -

## Risk Management

The company realizes and sees the importance of good organizational management in driving the organization to foster and expand the business stably with secured financial position and generating good returns to shareholders appropriately. The Board of Directors has appointed the Risk Management Committee comprising of the Auditing Committee which is an independent body and Executive Officer to consider organization's risk factors both internal and external issues in order to find how the Company can prevent possible risk or its impact effectively.

- More over the Company has paid attention to corruption prevention. The Company launched a policy toward compliance with anti-corruption laws. It defined anti-corruption guidelines in the Company's Business Code under the

headings “Policy on Receiving and Giving Gifts and Recompenses” and “Policy on Prevention of Corruption and Bribery” (See details in Section 12.4: Guidelines for Prevention of Involvement in Corruption), which was announced to employees on July 20, 2013.

Thus, the Company has declared its intention in joining the Collective Action Coalition since March 11, 2015 organized by private sectors in anti-corruption.

### **Regulating Unit of the Company’s Internal Control System**

The Company has a policy to outsource internal audits to an external body. At the NCL International Logistics PCL’s Board of Directors’ meeting, no. 2/2016, on February 29, 2016, it was resolved to appoint Act-Plus Consultants Co., Ltd. to serve as the Company’s internal auditor. Act-Plus Consultants Co., Ltd. Designated Ms. Wanna Malueangnon, Managing Director, to serve as the key internal auditor for the Company. After studying the qualifications of Act-Plus Consultants Co., Ltd., the Board regarded that this company has adequate expertise and experience in performing the said duty since it has 20 years of experience in internal auditing and the key internal auditor attended the Workshop “COSO 2013,” batch 3/2013, which is the latest framework for internal control. Furthermore, as a result of the fact that Act-Plus Consultants Co., Ltd is unrelated to the Company, it is allowed to audit the Company and provide the Company with advice freely

The appointment, withdrawal or reshuffling of the Company’s internal auditor must be screened and approved by the Board of Directors. The Board of Directors will propose the internal auditor that has been approved by the Audit Committee at the Board of Directors’ meetings for approval of employment and the negotiation on related costs.



## Related Party Transactions

### 1. The Company's Relationships with Related Persons/Companies

Persons who may have conflicts of interest	Relationship
1. Mr. Kitti Phuathavornskul	- Director and shareholder, holding a stake of 33.17 percent of the 140 million baht of registered capital
2. Ms. Varaporn Kittayanurak	- Mother of Ms. Pinruck Prasitsirikul, who is Mr. Kitti Phuathavornskul's spouse.
3. Mr. Suksan Kittipattarapong	- Director and shareholder, holding a stake of 0.76 percent of the 140 million baht of registered capital.
4. Grace & Glamour (Thailand) Co., Ltd. (G&M)	- Mr. Kitti Phuathavornskul and his spouse, Ms. Pinruck Prasitsirikul, are directors and shareholders of G&M, collectively holding a stake of 99.99 percent of its 5 million baht of registered capital. - G&M operates a handicraft production and sales business.
5. Transoffshore Logistics Pte. Ltd. ("TL")	- Being the Company's associate which was registered in Singapore. The Company has 22.22 percent of shareholding of the registered capital of SGD 1,000,000, with Mr. Kitti Phuathavornskul as the director. - Operates business as logistics provider such as transportation planning, open air area easing, area and warehouse leasing, and etc. - The Company has already sold the investment since 1 February 2016.
6. SSK Inter Logistics Co., Ltd. ("SSK")	- Being A joint venture of the Company. Registered in Thailand on January 27, 2016. The Company holds 43.84% of the registered capital of Baht 290,000,000. - SSK operates domestic transportation business with tractor head.
7. SSK Group Sales and Service Co., Ltd.	- Being a company that Mr. Suksumkiet Suaklinsak, father of Ms. Wassana Suaklinsak is director of SSK Group Sale and Services Co.Ltd. Mr. Suksumkiet Suaklinsak and Ms. Wassana Suaklinsak are shareholders and collectively holding a stake of 99.99 percent of its 50 million baht of registered capital. - Ms. Wassana Suaklinsak is director and shareholder in SSK Inter Logistics Company Limited, holding a stake of 42.50 percent of the 290million baht of registered capital - SSK Group Sale and Services Co.Ltd. operate Domestic freight transport business.
8. Legend Shipping (India) LLP	- Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping (India) LLP, holding a stake of 35 percent of the 25,000 USD of registered capital.
9. Legend Shipping (Myanmar)	- Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping (Myanmar), holding a stake of 60 percent of the 500,000 USD of registered capital.
10. Legend Shipping Pte. Ltd.	- Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping Pte. Ltd., holding a stake of 80 percent of the 500,000 SGD of registered capital.
11. Legacy Tank Pte. Ltd.	- Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legacy Tank Pte.Ltd., holding a stake of 15.38 percent of the 600,000 USD of registered capital.

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
Ms. Varaporn Kittayanurak	Mother of Ms. Pinruck Prasitsirikul, Mr. Kittipattarapong's spouse – Ms. Pinruck Prasitsirikul holds a stake of 7.27 percent of the registered capital.	Rental of the document warehouse	0.095	0.095	<p><b><u>Necessity and reasonableness</u></b></p> <p>The Company's business involves a large quantity of documents, which must be kept for at least five years.</p> <p>Needing a place to keep such documents, the Company signed a contract, in 2008, to rent a 3-floor commercial building located at 59/61, Soi Charoenakorn 24, with total utility space of 408 square meters, to serve as its document warehouse. The current contract is effective from August 1, 2013 to July 31, 2016 with a rental fee of 90,000 baht per year, which is 18.38 baht per square meter per month (exclusive of withholding tax). In comparison, the rentals of other commercial buildings of similar features in the vicinity range from 190,000 – 360,000 baht per year, which is 25.00 – 69.44 baht per square meter per month.</p> <p>In addition, by renting this building, the Company is able to make use of it as the temporary office in the case of emergency</p>
Mr. Suksan Kittipattarapong	Director and shareholder – He holds a stake of 1.14 percent of the registered capital.	Rental for land with structures and machinery	0.72	-	<p><b><u>Necessity and reasonableness</u></b></p> <p>In April 2012, the Company purchased 17 tractor heads and 18 trailer trucks with a total value of 29.84 million baht from Petch Surat Trading Co., Ltd. ("PST") for its domestic transport business expansion. As for the source of funds, the Company made a financial lease agreement with a financial institution and bought the tractor heads and trailer trucks from Mr. Suksan Kittipattarapong at prices specified in the financial lease agreement. Business expansion via the purchase of the tractor heads and trailer trucks required parking and maintenance space, along with office space for providing services for customers in Surat Thani. At that time, the Company made a comparison between purchasing land to serve as parking and office space and renting PST's original business premises, and concluded that the cost of renting PST's space was about 20 percent lower than purchasing a piece of land for a new office. The Company then rented the land and structures on 3 rai, 1 ngan and 29.4 square wa from PST to serve as tractor</p>

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
Mr. Suksan Kittipattarapong	Director and shareholder – He holds a stake of 1.14 percent of the registered capital.	Rental for land with structures and machinery	0.72	-	<p>head and trailer truck parking and maintenance space and also as the office area for serving customers. The first contract is effective from May 16, 2012 to May 16, 2015, with a rental of 0.12 million baht per month or 1.44 million baht per year. On the date of contract signing, Mr. Kittipattarapong, who was PST's director and shareholder, had taken up the directorship in the Company since March 29, 2011.</p> <p>In May 2012, Mr. Kittipattarapong purchased 0.125 million capital increase shares from the Company at the price of 40 baht per share (par value of 10 baht per share). Being PST's major shareholder, Mr. Kittipattarapong then decided to cease PST's operation in order to prevent prospective conflicts of interest. Therefore, the Company had to cancel the first lease with PST and signed a new lease with Mr. Kittipattarapong instead. The term of the new contract is from December 1, 2012 to November 30, 2015, with the same rental rate of 0.12 million baht per month, which is 1.44 million baht per year consistent with the previous contract with PST.</p> <p>To comply with the connected transaction policy approved at the Board of Directors' meeting, no.7/2013 on April 3, 2013, the Company arranged for an appraisal of the rental of the land with structures and machinery in January 2014 to enable the Audit Committee to provide an opinion about the transaction. The appraisal report prepared by Modern Property Consultant Co., Ltd., an independent appraiser, revealed that the rental of the land with structures and machinery for the first three years over a total period of 15 years was 96,916 baht per month, which was 1.16 million baht per year.</p>

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
Mr. Suksan Kittipattarapong	Director and shareholder – He holds a stake of 1.14 percent of the registered capital.	Rental for land with structures and machinery	0.72	-	<p>As for the contractual rental, it was 1.44 million baht per year, which was around 19 percent higher than the appraised rental. Concerning the location and physical properties of the land, the appraiser opined that the nearby areas were mostly developed for housing, and along the sides of the main roads were distribution centers of various companies. Thus, the area was regarded as being the logistics hub in the southern region.</p> <p>However, the Board of Directors' Meeting No. 1/2015 held on 26 February 2015 passed the resolution for the Company to purchase such land and building at the price of Baht 15.64 million from Mr. Suksan Kittipattarapong. This price is not significantly different from the estimated price which is performed by the independent estimator. The fund used in this acquisition is from the Company's working capital, therefore, there is no impact to the Company's operations performance. Thus, the Company has ceased the leasing fee payment from 1 July 2015 onwards.</p>
Grace & Glamour (Thailand) Co., Ltd. (G&M)	Mr. Kitti Phuathavornskul and his spouse, Ms. Pinruck Prasitsirikul, are G&M's directors and shareholders, collectively holding a stake of 99.99 percent of the 5 million baht of registered capital.	Service incomes, Accounts receivables, Advances	0.29 0.02 0.15	0.19 0.04 0.03	<p><u>Necessity and reasonableness</u></p> <p>The transaction happened when G&amp;M, a handicraft producer and seller, used the Company's international transport service, which was the Company's normal business. The price of goods sold between the two parties equated to the sum of costs, plus the profit rate, under the trading conditions for other customers in general (30-day credit term). In 2016, with G&amp;M, the Company's revenue from transport services and customs clearance was 0.19 million baht, account receivables were 0.04 million baht and advances was 0.03 million baht</p>

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
Transoffshore Logistics Pte. Ltd (TL)	- Being the Company's associate which was registered in Singapore. The Company has 22.22 percent of shareholding of the registered capital of SGD 1,000,000, with Mr. Kitti Phuathavornsakul, the Chief Executive Officer of the Company as a director in TL to consider the management of associates and the appropriateness of related party transactions with the Company.	Service Income Service Cost	25.71 44.62	- -	<p><b>Reasons and Necessity</b></p> <p>The service cost of 44.62 million Baht was the freight paid by the Company to Transoffshore Logistics Pte.Ltd. Or TL, which was a supplier to ship freight from Ranong Pier to Yangon Port Myanmar.</p> <p>Service income of 25.71 million Baht was the service fee charged by the Company to TL for the port services, container handling services. The inter service cost pricing was set at cost plus margin.</p> <p>With the same conditions as agreed with ordinary customers (30-day credit term) which was considered normal business transaction. The Company has followed the procedure of entering into related transactions by informing the Audit Committee and the Board of Directors to approve the transaction as appropriate.</p> <p>The company stopped service to Ranong Port to Yangon Port in July 2015.</p>
SSK Inter Logistics Company Limited ("SSK")	-Being a joint venture of the Company, registered in Thailand on January 27, 2016. The Company holds 43.84% of the registered capital of Baht 290,000,000.	Service income Service cost Account payable	- - -	4.80 14.25 0.82	<p>Service income was incurred since SSK commenced operations in March 2016. Some of the expenses were not transferable their name from the Company to the SSK in time, therefore, the Company charged such expenses to the SSK equal to the amount paid by the Company. By the year 2016, it was equal to 4.80 million Baht.</p> <p>Service costs were incurred since SSK started operations in March 2016, but there were land transport contracts with two clients, on behalf of the company which had not expired yet. Therefore, the company charged for these two clients on behalf of the Company, and paid the service to the SSK equal to the amount of money received by the company, and service costs incurred by the normal domestic transportation service of a business at comparable prices to third parties. In the year 2016, the amount was 14.25 million baht. Account payable was 0.82 million baht.</p>

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
SSK Inter Logistics Company Limited ("SSK")		Rental income Accrued rent	- -	14.49 0.81	<p>Rental income consisted of space and office space rental in Surat Thani, space and office space rental in Bangkok, and the rent of tractor heads and trailers trucks between March and June to enable SSK to carry out transportation while the company has not yet transferred the truck to SSK.</p> <p>Rental income from space and office space rental in Surat Thani, the Company has signed a land and building lease agreement for 3 rai 1 Ngan 29.4 square wa land with SSK, used as a parking and maintenance area for tractor heads and trailers trucks and used as an office to serve customers from March 1, 2016- February 28, 2019.</p> <p>The rental rate is 0.12 million baht per month or 1.44 million baht per year, which is the same price that PST has leased to the company.</p> <p>Rental income from space and office space rental in Bangkok, the Company has signed a land and building lease agreement 7th-floor, area of 112.6 square meters of the usable area of 1,148 square meters and is located at 56/15 Somdejprajao Taksin Road with SSK, used as office. Beginning from March 1, 2016 - February 28, 2019, the rental rate is 0.13 million baht per month or 113.24 baht per square meter during the first six months of the contract, and then the rental rate is 0.15 million baht per month or 130.66 baht per square meter. Because the building was left vacant and was not used to any advantage. It is, therefore, advisable for affiliates to rent to enable our affiliates to run their business immediately</p> <p>Rental Income from tractor heads and trailers trucks rental, the Company provides tractor heads and trailers trucks rental during those tractor heads and trailers trucks were not transferred to an investment in SSK, which charged rents at cost price plus a profit margin of 20-60 per-cent.</p> <p>The rental income for the year 2016 was 14.49 million baht. The accrued rent was 0.81 million baht.</p>



## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
SSK Group Sale and Services Co.Ltd.	- Being a company that Mr. Suksomkiet Suaklin-sak, father of Ms. Wassana Suaklinsak is director of SSK Group Sale and Services Co.Ltd. Mr. Suksomkiet Suaklinsak and Ms. Wassana Suaklinsak are shareholders and collectively holding a stake of 99.99 percent of its 50 million baht of registered capital. Ms. Wassana Suaklin-sak is also the director of SSK Associates.	Service income Account Receivable Advance payment	- - -	7.87 0.29 0.05	Service income is the income collected from SSK Group Sales and Services Co., Ltd. for the international transportation service, which is a normal business operation. The inter-service cost pricing is set at cost plus margin.  In the year 2016, the Company had international transportation income of 7.87 million baht, account receivables of 0.29 million baht, advances payment of 0.05 million baht
Legend Shipping (India) LLP	-Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping (India) LLP, holding a stake of 35 percent of the 25,000 USD of registered capital.	Service income Account Receivable Service cost Account payable	- - - -	11.74 1.44 7.10 0.81	Service income is the income collected from Legend Shipping (India) LLP for the international transportation service, which is a normal business operation. The inter-service cost pricing is set at cost plus margin.  Cost of services is the cost of international transportation at comparable prices with the third party.  In the year 2016, the Company had international transportation income of 11.74 million baht, account receivables of 1.44 million baht, service cost of 7.10 million baht, and account payable of 0.81 million baht.

## 2. Connected Transactions in 2015 and 2016

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness
			2015	2016	
Legend Shipping (Myanmar)	-Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping (Myanmar), holding a stake of 60 percent of the 500,000 USD of registered capital	Service income Service cost	- -	2.37 8.71	Service income is the income collected from Legend Shipping (Myanmar) for the international transportation service, which is a normal business operation. The inter-service cost pricing is set at cost plus margin.  In the year 2016, the Company had international transportation income of 2.37 million baht, account receivables of 8.71 million baht.
Legend Shipping Pte.Ltd	Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legend Shipping Pte. Ltd., holding a stake of 80 percent of the 500,000 SGD of registered capital.	Service income Account Receivable Service cost Account payable	- - - -	30.12 1.29 8.15 1.28	Service income is the income collected from Legend Shipping Pte. Ltd. for the international transportation service, which is a normal business operation. The inter-service cost pricing is set at cost plus margin.  Cost of services is the cost of international transportation at comparable prices with the third party.  In the year 2016, the Company had international transportation income of 30.12 million baht, account receivables of 1.29 million baht, service cost of 8.15 million baht, and account payable of 1.28 million baht.
Legacy Tank Pte.Ltd.	Being a company that Mr. Than Chung Kiat, a director of LEGEND SUBSIDIARY is director and shareholder of Legacy Tank Pte.Ltd., holding a stake of 15.38 percent of the 600,000 USD of registered capital.	Service income Account Receivable Service cost	- - -	0.10 0.71 0.14	Service income is the income collected from Legend Shipping (India) for the international transportation service, which is a normal business operation. The inter-service cost pricing is set at cost plus margin.  Cost of services is the cost of international transportation at comparable prices with the third party.  In the year 2016, the Company had international transportation income of 0.10 million baht, account receivables of 0.71 million baht, service cost of 0.14 million baht, and account payable of 1.28 million baht.

### 3. Guarantee Obligations between the Company and Persons with Potential Conflicts of Interest

As of December 31, 2016, the Company was granted credit facilities of 510 million baht in total by three commercial banks, which are described below:

- Overdraft: 60million baht.
- Promissory note: 300 million baht.
- Long term loan at Baht 30 million
- Foreign exchange rate at Baht 120 million

The credit facilities have been secured by the claims for the Company's bank accounts, the mortgage of the Company's land and buildings.

### 4. Necessity and Reasonableness of Connected Transactions

The Company's connected transactions from 2015 to 2016 are divided into three categories, as follows:

1. Normal business transactions and transactions supporting normal business, such as Income list, and service costs for Transoffshore Logistics Pte.Ltd, Legend Shipping (India) LLP, Legend Shipping (Myanmar), Legend Shipping Pte.Ltd., Legacy Tank Pte.Ltd, and the management of transportation and customs formalities to Grace & Gallimeric (Thailand) Limited. These transactions were necessary and reasonable and did not cause the Company to suffer any disadvantage. The prices offered by this Company were comparable to the prices in the transactions that the Company conducts with unconnected parties. The prices of the goods between the two parties were the costs, plus a profit, and were subject to normal trading conditions.
2. Lease of assets, i.e. lease of land and buildings from Mr. Suksan Kittipattarapong, the Company's director, and from close relatives of Mr. Kittu Phuathavornskul, the Company's director and major shareholder. These transactions were necessary and reasonable and did not cause the Company to suffer any disadvantage, except in the case of the lease of land from Mr. Kittipattarapong. In this case, the rental fee was higher than the rate assessed by an independent appraiser by approximately 19 percent. However, the Company made a comparison of purchasing land and constructing a new office with that of renting Mr. Kittipattarapong's premises. Based upon this comparison, the Company decided to lease Mr. Kittipattarapong's premises, as it was cheaper than buying land and constructing new office by about 20 percent. The Audit Committee was of the opinion that the transaction was necessary even with rates that were higher than the valuation by the independent appraisal. The Company's management took into account investment alternatives based on the Company's best interests when negotiating with Mr. Kittipattarapong as a third party. Additionally, the site has allocation advantage and can be promptly used for business operations
3. The rental of property includes the lease of land with building and tractor heads and trailer trucks with SSK Inter Logistics Co., Ltd. These transactions were necessary and reasonable for space and office space rental in Bangkok, the Company has signed a land and building lease agreement 7th-floor, area of 112.6 square meters of the usable area of 1148 square meters and is located at 56/15 King Taksin Road with SSK, used as office. Beginning from March 1, 2016 - February 28, 2019, the rental rate is 0.13 million baht per month or 113.24 baht per square meter during the first six months of the contract, and then the rental rate is 0.15 million baht per month or 130.66 baht per square meter. Because the building was left vacant and was not used to any advantage. It is, therefore, advisable for affiliates to rent to enable our affiliates to run their business immediately

### 5. Measures or Procedures of Approval for Connected Transactions

The Company formulated measures and procedures for approval of connected transactions, which were approved at the Board of Directors' Meeting, No. 7/2013 on April 3, 2013. It is prescribed that if the Company needs to conduct connected transactions with individuals who may have a conflict of interest, or individuals who are stakeholders, the Company must have the Audit Committee express opinions about the necessity and appropriateness of the transactions. In the event that the Audit Committee has no expertise in the consideration of any potential connected transactions, it must have

an independent expert or account auditor of the Company provide opinions of such transactions to assist in the decision-making of the Board of Directors, and/or the Audit Committee, and/or shareholders, as the case may be. Those who may have a conflict of interest or are stakeholders of such transactions will have no right vote to approve the connected transactions. The Company's policy towards connected transactions is classified as follows:

- Normal business transactions and transactions supporting normal business, such as the purchase and sale of goods and raw materials. Such transactions must involve fair trading conditions and prices and must not cause the transfer of interest, which are compared to transactions between the Company and the general public, or transactions between individuals that may have conflicts of interest and the general public, or transactions similar to those of other operators in the business. The Company has a policy to have the Audit Committee consider, and offer opinions about, the necessity and reasonableness of these transactions on a quarterly basis. In addition, the Company will comply with laws concerning securities and the stock exchange; regulations, announcements, orders or requirements from the Stock Exchange of Thailand; and requirements on connected transaction disclosures.
- Other transactions apart from the above-mentioned normal business transactions and transactions supporting normal business, e.g. lease of assets, purchase and sale of assets, and provision of financial assistance. The Company has a policy to have the Audit Committee consider, and provide opinions about, the necessity and reasonableness of such transactions. In addition, it will comply with laws on securities and the stock exchange; regulations, announcements, orders or requirements from the Stock Exchange of Thailand; and requirements on connected transaction disclosures concerning the acquisition or disposition of the Company's core assets. The Company has a policy prohibiting the lending of money to individuals who may have conflicts of interest to run a business or operate on behalf of the Company.

The Board of Directors will be in compliance with laws and regulations pertaining to securities and the stock exchange, orders or requirements of the Stock Exchange of Thailand, as well as requirements concerning connected transactions and the acquisition or disposition of the Company's core assets. This is to ensure that such transactions will not pose conflicts of interest and will yield the best benefits to all shareholders. The Company will disclose the connected transactions in the Annual Information Form (Form 56-1), the Company's Annual Report, and notes attached to the financial statements that have been audited by the Company's account auditor.

## 6. Trends of Connected Transactions

The transport management and customs formalities which are connected transactions that will continue to be made in the future are normal transactions. As well as the lease document warehouse, and the list of land and buildings for rent in Surat Thani and Bangkok that arise from the need for the Company's business operations. As for such connected transactions, which will occur in the future, the Company will conform to the connected transaction policy as described above.

## Management Discussion, Analysis and Operating Performance

NCL International Logistics (NCL) is a logistic provider starting in 1996 to provide international transportation services. The Company later on in 2010 has extended into domestic freight transport by tractor heads and trailer trucks to enhance full coverage services.

Type of Businesses	2014		2015		2016	
	million THB	%	million THB	%	million THB	%
<b>International freight transport</b>						
Sea freight	774.88	84.65	952.82	88.66	898.82	91.20
Air freight and other services	15.30	1.67	12.07	1.13	14.20	1.44
<b>Total international transport services</b>	790.17	86.32	964.89	89.79	913.02	92.64
<b>Domestic transport services</b>	125.24	13.68	109.73	10.21	72.59	7.36
<b>Total revenues from the services</b>	915.41	100	1,074.62	100	985.61	100

The Company's group earned total revenues from the services of 915.41 million THB in 2014 and increased to 1,074.62 million THB in 2015 with a gain from the sea freight services between the Ranong Port to Yangon, Myanmar. However since July 2015 this service was no longer available which affected the 2016 revenues dropping to 985.61 million THB equivalent to 8.28%. Other affected causes included economic slowdown and competitive pricing. NCL group, nevertheless, is still focusing on complete transportation services to increase number of service users from both existing and new customers. However the subsidiary in Singapore, with the expanding customer base, secured higher revenues in the same period of 2015.

In March 2015 the Company started sea freight transportation services between Ranong-Yangon, Myanmar since it serves as the main gate to reach other countries along the Andaman shore, especially Myanmar, where there was no other service provider. The Company then aimed to further set up the sea transport connection center there for both cost and time saving to benefit Thailand in many aspects including exportation and economic growth. But only a little longer than one month the Company faced policy changing problem on port transportation departure and container checking which delayed goods delivery. Such external factors obstructed customer services leading to less service users and higher operation costs. Accordingly, the Company by careful consideration decided to stop operating this transportation center in July 2015 to avoid possible increasing losses.

The revenues derived from domestic freight transport by trucks in 2015 dropped by 15.51 percents comparing to 2014 since the Company took some tractor heads to Ranong Port services. The domestic transport revenues in 2016 also dropped by 37.14 million THB, or 33.84%, comparing to the year 2015 due to reduction of rice transportation and lower price of agriculture produces. Another affected factor was because the joint-venture with the SSK Inter Logistics Co., Ltd. for which the Company transferred tractor heads and trailer trucks to serve domestic transportation at the beginning of 2016 by which the revenue of this section unavoidably dropped.

The Company acknowledges revenue gaining from the Bill of Lading/Air Way Bill after goods delivery to customers in the case of international freight transport services and from goods delivery by Company's trucks at certain receiving destination in the case of domestic freight transport services.

Acknowledgement of receivable revenues is for the full payment by the customer comprising of the freight and

other service costs paid by the Company in advance and the cost plus profit rate. Normally the freight and other service costs accounts at 82-85 percents of revenues gained from international freight transport services and 80-85 percents from the comprehensive services providing gain.

The loading fee and the income sharing portion by customers are the main cost to run international freight transport covered by the Company while the major cost to operate domestic freight transport is for oil. Regular reservation for sea freight and air freight loading gives opportunity for the Company to negotiate for loading fees within a period of 1-7 days, by which the company can set the service fee based on possible changing requirement. For the fee rate of domestic freight transport services the Company calculate by the cost plus basis, variable according to oil price fluctuation. The 2016 cost in this sector is lower than that of 2015 since it mainly covers sea and air freight transports, commission fee and less benefits for staff. And not for transportation cost of sea freight from Ranong to Yangon, Myanmar.

Business groups	Basic profitable rates		
	2014	2015	2016
International freight transport services	15% - 22%	13% - 23%	15% - 25%
Domestic transport services	19% - 27%	11% - 22%	11% - 17%
Total profits gaining	17.71%	14.47%	15.80%

Profits gained by the Company were of 162.11 million THB in 2014, 155.46 mb in 2015 and 155.37 million THB in 2016 respectively, equivalent to 17.03%, 14.47% and 15.80%. In 2015 the profit gaining was less than the previous year due to the operation of sea freight transport services from Ranong to Yangon, Myanmar while the regional economic situation was not yet recovered amidst increasing price competition. In 2016 the profit earned was higher comparing to 2015 since the Company closed down the sea freight transport service between Ranong-Yangon and focused more on expanding customer base by offering fees reduction for customers who used more services comprehensively. The Company was of higher chances to introduce available service variety and increased its gaining by 1.33% in 2016.

In 2014 the Company's net profit was of 19.54 million THB while the net losses in 2015 was of 80.60 million THB, and of 8.18 million THB in 2016 respectively; net profit gained was of 2.13 million THB whereas net profit losses were of 7.50% and 0.83% accordingly. The net profit loss in 2015 was mainly due to the sea freight transport project between Ranong-Yangon whereas the regional economic situation was not yet recovered while pricing competition was increasing. In addition to increasing operation cost of the aforementioned project plus overseas business expansion which just started the Company also paid 18.49 million THB for the insurance policy of the Ranong Port project due to the agreement with the Trans Offshore Logistics Co., Ltd. for a 1 year operation period for which the Company had to open the insurance account of 550,000 US. Dollar. When the said agreement was cancelled before the ending term the insurance premium was then taken. The Company had to perceive losses due to depreciation of joint investment with the Trans Offshore Logistics Co., Ltd. for 1 million US. Dollars. Without any liquidity impact since cancellation of the Ranong-Yandon sea freight transport project caused over capital losses to the said company for which the joint venture value by the Company was of 32.75 million THB, leading to the net profit loss in 2015. During the year 2015 the Company's subsidiary in Singapore also invested for overseas business expansion and gained 1.98 million THB net profit. The operation started around the end of 2014.

The net profit loss in 2016 reduced to 8.18 million THB comparing to the loss at 80.60 million THB in 2015, due to cancellation of Ranong-Yangon sea freight transport project by which the Company gained a net profit of 16.75 million THB Anyway another subsidiary, Legend Shipping (Thailand) Co., Ltd., faced the net profit loss for which the Company's investment proportion was of 10.58 million THB due to a start up of international sea freight transport business with its own containers while being appointed by foreign companies as their representative. The starting operation at the beginning of



2016 needed a high amount of expenses while competition for pricing in this new market was as well so high. The operation was then based on price reduction offered to service users to win their trust. The Company also shared losses for the joint venture with SSK Inter Logistics Co., Ltd. at 14.32 million THB due to economic slowdown while mainly customers were agricultural produces traders and cement which also faced slowdown in the construction industry. Therefore for the first year of start-up the Company had to allow for price reduction to maintain existing customers while covering all required expenditure.

### Financial Status Analysis

The Company's assets cover approximately 35-44% of circulating assets with indebted clients whereas the fixed assets are of 56-65% of the total assets. Main assets are land, buildings, vehicles and equipment. At the end of 2014 and 2015 the total assets were of 533.93 million THB and 594.65 million THB respectively. Increasing assets in 2015 were mainly land, buildings and equipment since the Company paid approximately 38.59 million THB to buy 15 tractor heads by the hire-purchase agreement while land buying and building improvement budgets were of 15.31 million THB, lower than the spending of 41.65 million THB in 2014 since it was mainly for the project in Surat Thani for office building and tractor heads parking space. In 2014 land buying and building improvement was in Bangkok for expansion of the present Company's office in the future since debtors were of increasing numbers, in line with the higher revenue comparing to the gaining income in 2014. At the end of 2016 the Company's total assets were of 544.98 million THB, reducing by 49.67 million THB from that of 2015 due to reduction of total assets by 222.81 million THB for which tractor heads and trailer trucks were transferred for joint venture with the SSK Inter Logistics Co., Ltd. equal to 120.49 million THB investment value; 77.20 million THB were transferred for investment by assets and to cover depreciation cost occurring in that year whereas there was also less indebted customers owing to the transfer of domestic transport operation to the joint venture company-SSK Inter Logistics Co., Ltd.

The Company is of approximately 82-94% current debts mainly because of overdraft and short-term debts from finance institutes and trading creditors. The current debt is of 6-18% of the total debts comprising of the debt covered by financial leasing contracts, long-term loans from finance institutes and engaged employee benefits. The total debts at the end of 2015 was equal to 359.15 million THB, increasing by 150.42 million THB at the end of 2014 mainly because overdraft increasing and short-term loans acquired from finance institutes for investment at the Ranong Port project while trading lenders also increased because of business expansion. This was in line with the total debts at the end of 2016, equally to 320.41 million THB with 38.74 million THB reducing amount mainly because reduction of the total debt under the financial leasing contract since it was covered by the financial leasing contract of tractor heads and trailer trucks transferred to the joint venture company SSK Inter Logistics Co., Ltd., and increasing short and long term loans for business operations.

At the end of 2014, 2015, and 2016 the Company shareholder's portion were of 325.20 million THB, 235.50 million THB and 224.57 million THB respectively. This was because of the net profit losses of 80.60 million THB in 2015 and 15.52 million THB in 2016. The Company paid dividend of 25.00 million THB from the business outcomes in 2013, and 10.00 million THB from the business outcomes in 2014, to the shareholders during the year 2014 and 2015 respectively.

The Company is of debt obligation and extra balance management as follows.

1. On 31 December 2016 the Company has entered space rental contracts with several external persons for a period of 1-5 years with possible renewable agreement for which the Company shall have to pay for rental and other services fees of 586,185.37 baht per month.

2. On 31 December 2016 the Company has obligation to have domestic banks issue letters of guarantee to various state enterprises i.e. Electricity Authority, Port Authority and others for the total fund of 1.23 million THB

## Liquidity and Financial Ratio

Cash flow	31 Dec. 14	31 Dec 15.	31 Dec. 16
Net profit (loss) prior income tax	25.71	(78.95)	(10.35)
Net receivable (spending)-activities	86.46	(48.20)	20.89
Cash receivable (spending)-investment	(124.80)	(28.00)	5.64
Net receivable (spending)-fund raising	54.15	60.37	4.34
Net cash and equivalent increase (reduce)	15.82	(15.45)	30.13

In 2016 the Company was of net cash and equivalent cash increase at 30.13 million THB gaining from following activities.

1. Cash flows from operating performance of 20.89 million THB by reducing indebted traders of 25.74 million THB, and income tax payment of 4.50 million THB
2. Cash flows from investment of 5.64 million THB by reducing insurance deposit.
3. Cash flows form fund raising at 4.34 million THB by overdraft increasing and short-term loans of 15.39 million THB and long-term loans of 23.60 million THB with 31.26 million THB from debt payment under the leasing contract which is of current capital.

## Capital sources

As of 31 December 2016 short-term loans were as follows

1. Of 60 million THB overdraft the current balance was 59 million THB to serve as internal current capital.
2. Of 300 bm. promissory notes the balance on 31 December 2016 was 95 million THB to serve as the Company internal current capital and for expanding business investment. The loan shall be provided by promissory notes of required amount for a period of 3 months.

As of 31 December 2016 the long-term loan granted by financial institutes was of 30 million THB, the balance on 31 December 2016 was 23.60 million THB

## Conditions of loan agreement

There is no specific requirement for the Company to observe debt ratio per shareholder proportion regarding the short-term loan.

## Financial Proportion

At the end of 2014, 2015 and 2016 the Company liquidity situations were of 1.10, 0.74 and 0.79 times respectively. In 2014 the higher liquidity ratio was of 1.10 time owing to the first public securities selling in November 2014 whereas in 2015 and 2016 the liquidity ratio highly dropped due to increasing overdraft and short-term loans of 189.83 million THB and 205.76 million THB in 2015 and 2016 respectively whereas in 2014 the amount was of 82.71 million THB. Mainly investment and current capital was dumped into the Ranong Port project which was at losses in 2015.

For debt retrieving the average periods were of 32.20 days, 56.58 days and 51.35 days in 2014, 2015 and 2016 respectively and lower than that of 2014 owing to distribution management to avoid dumping at the end of the year. In 2015 and 2016 the Company has approximately 19-24 days over that of 2014 for debt retrieving due to much higher selling at the end of the year. However the debt retrieving period was still of not over 60 days as set up by the Company's policy.

At the end of 2014, 2015 and 2016 the debt ratio per capital proportion were of 0.64, 1.53 and 1.43 times respectively whereas that of 2014 was equal to 0.64 time due to debt payment of 85.50 million THB while the shareholder portion was increasing from the first public securities selling. In 2015 the debt ratio was higher than that of 2014 because share-

holder's account reduce by 89.70 million THB mainly based on the loss of 80.60 million THB from operating performance. Hence the debt ratio per capital proportion increased to 1.53 time. In 2016 the debt ratio per capital proportion was lower by 0.10 time from that of 2015 due to the rather high reduction of debt under the financial leasing contract because of tractor heads and trailer trucks transferring mentioned earlier.

The shareholder dividend ratios at the end of 2014, 2015 and 2016 were for 8.00%, 28.75% minus and 3.54% minus respectively. This was because the first public securities selling in 2014, mentioned earlier, apparently led to the higher asset and debt ratio so that the Company could provide the dividend ratio of 8.07% to shareholders. Then in 2015 and 2016 the shareholders received minus dividend due to losses of operating performance at 80.60 million THB and 8.18 million THB respectively.

The 2014 operating performance gained approximately 21.03 million THB net profit for the Company. But in 2015 and 2016 the Company was of net profit losses as 79.70 million THB and 16.48 million THB respectively. Comparing to 2014 the cash ratio per profit gain (loss) proportion, the assets receivable rate and the fixed assets receivable rate in 2015 were of rather much lower. Consequently the Company was of minus ratios regarding debt payment capacity and obligation payment ability in 2015 leading to no figures value for calculation.

#### **Effecting Factors for Future Operating Performance.**

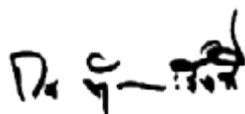
1. The Thai government has announced the investment plan for development of transport infrastructure and logistics covering several major projects of road transportation, rail systems, marine and aviation transport which will be beneficial for the Company and its logistics business.
2. Trade liberalization announced by ASEAN Economic Community in 2015 has evidently increased international trades and goods transportation bringing good opportunity for the Company to expand both domestic and international logistics services with better opportunity to look for trading allies which is one of the Company's operating policy and goal to expand logistics allies and networking locally and internationally.

If supporting factors are available for new investment opportunity the Company shall focus on shareholders' benefits and various risks against utilization of current capital, especially uncertainly regarding market situation, economic conditions, rules and regulations relevant to policy and management strategies faced at both national and regional levels. This is because every country has unavoidably faced both positive and negative impacts by the role of liberalized of ASEAN Economic Community.

# STATEMENT OF RESPONSIBILITIES OF THE BOARD OF DIRECTORS ON FINANCIAL STATEMENTS

The Board of Directors recognizes the importance of the Corporate Governance Management Policy and the preparing process of the financial statement and financial information as reported in the annual report to ensure that the statements are prepared in accordance with the Thai generally accepted accounting standards, using appropriate and consistent accounting policy and sufficient information is disclosed in the notes to financial statements. This also assures the efficiency and effectiveness of internal controls such as safeguarding of assets connected or potential conflict of interest transactions and the compliance to applicable laws and regulations, which the Audit Committee's opinion is stated in the Audit Committee's Report. The Audit Committee's report on these matters is also published in the Company's 2016 Annual Report and Annual Registration Statement (Form 56-1).

It is the opinion of the Board of Directors that the Company and its subsidiaries' overall internal controls are adequate for its business and operations and that the financial statements for the year ended 31 December 2016 are fairly presented with adequate disclosure in accordance with generally accepted accounting principles.



**Mr. Korn Dabbaransi**  
Chairman of the Board



**Mr. Kittu Phuathavornskul**  
Chief Executive Officer

# The Audit Committee's Report

To Shareholders

The Audit Committee of NCL International Logistics Public Company Limited (“the Company”) has been appointed by the Company’s Board of Directors. The Committee comprises 3 independent directors who possess extensive experience and professional expertise. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

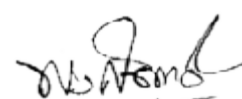
1. Mr. Phongpun	Khongkamnoed	Chairman of the Audit Committee
2. Mr. Somchai	Chanpattanakorn	Audit Committee
3. Mrs. Chitmanee	Suwannapool	Audit Committee

And Ms. Ratchanee Laosakornchai, serves as a secretary to the Committee. The summary of meeting attendance of the members in 2016 is shown in “Management Structure”.

In 2016, The Committee independently performed its duties as assigned by the Board of Directors in accordance with the regulations stipulated by the Stock Exchange of Thailand. In 2016, the Audit Committee held 6 meetings with 3 members join a meeting every time, except of the Audit Committee meeting no. 6/2016 held on December 13, 2016, Mr. Somchai Chanpattanakorn did not attend the meeting once. The Committee’s duties are summarized as follows:

1. Reviewed quarterly and annual financial statements for the year 2016 to insure that information is accurately and completely disclosed and that the financial statements are drawn up in accordance with the financial reporting standards and relevant laws prior to submission for approval of the Board. The Audit Committee is of opinion that the financial statements are accurate and complete with adequate disclosure of material information.
2. Reviewed and commented on related party transactions and transactions that may constitute a conflict of interest to ensure complete information disclosure and compliance with rules and regulations stipulated by the Securities and Exchange Commission, the Stock Exchange of Thailand and other regulatory bodies with a view to ensure reasonableness and the Company’s best interest. The Committee is confident that related party transactions were reasonable, fair, transparent, free of a material conflict of interest, and in the best interest of the Company.
3. Reviewed the Company’s operation to ensure compliance with the Securities and Exchange Act, rules stipulated by the Stock Exchange of Thailand and laws related to the Company’s business. The Committee is of opinion that the Company has complied with laws and rules governing the Company.
4. Reviewed the assessment of internal control system to ensure that the internal control and internal audit system were adequate and appropriate, including risk assessment, control activities, information system and communication and operation monitoring. The Committee is confident that there was no material flaw in the internal control system.
5. Considered and recommended the appointment of SP Audit Company Limited as the Company’s External Auditor and audit fee. In addition, the Committee held a meeting with the external auditor and internal audit department without the presence of the Management. The Committee is of opinion that SP Audit Company Limited performed their tasks with independence and was qualified to audit the Company’s financial statement to ensure accuracy and reliability with disclosure of material information.
6. Reviewed the performance of the Committee for the year 2016 by way of self-assessment and assessment by the Board. The assessment revealed that the Committee functioned at excellent level.

In summary, the Committee performed its duties as prescribed in the Committee’s Charter approved by the Board.



**Mr. Phongpun Khongkamnoe**  
Chairman of the Audit Committee

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NCL International Logistics Public Company Limited

## Opinion

I have audited the accompanying consolidated and separate financial statements of NCL International Logistics Public Company Limited and its subsidiaries (the Group) and of NCL International Logistics Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the NCL International Logistics Public Company Limited and its subsidiaries and of NCL International Logistics Public Company Limited as at December 31, 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### Investment in Jointly Controlled Entity

In 2016, the Group has made jointed investment with other investors to establish a jointly controlled entity, SSK Inter Logistics Co., Ltd., to provide transportation services by truck (Note 10). The Group hold 43.48% of the said jointly control entity and has paid for the share subscription fee in the form of the Group's fair value of the vehicles used in the operation. The valuation of the fair value is determined by an independent appraiser. Therefore, the said valuation of the fair value by the independent appraiser is a key audit matter. In practice, determining fair values involved the judgments and the carrying amounts of the said investment in jointly controlled entity is considered significant to the Group's financial statements.

### Key audit procedures

We have obtained an understanding of the appraisal report for the vehicles used in operation prepared by an independent appraiser regarding the appraisal method, the details of the models, brands, previous usage periods, and useful lives of the Group's vehicles used in operation, and summary of independent appraiser's opinion.

We have reviewed the appropriateness and the conformity of the valuation methods applied by the independent appraiser to the objective of the recognition in the financial report preparation. We have interviewed and assessed the reasonableness of the valuation for the replacement cost of vehicles used in operation, deterioration rate, the efficiency on usage ratio, and maintenance of the vehicles used in operation that the independent appraiser used in valuation.

And we also focused on the Group's disclosures about the financial information of the jointly controlled entity of its adequacy and conformity to the requirements of the accounting standards.



## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to correct the materially misstatement.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I have required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or con-

ditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SP Audit Company Limited



(Miss Chuenta Chommern)

Certified Public Accountant (Thailand) No. 7570

Bangkok 24 February 2017

## NCL International Logistics Public Company Limited and Subsidiaries

## Statement of Financial Position

As at 31 December 2016

(Unit : Baht)

		Consolidated		Separate financial statement		
		Notes	2016	2015	2016	2015
Assets						
Current assets						
Cash and cash equivalents			98,685,926.68	68,555,975.72	71,802,577.94	42,167,613.97
Trade and other receivables - related parties	5.1,6		5,286,284.88	169,316.17	7,094,378.34	1,682,261.98
Trade and other receivables - third parties	7		133,372,658.21	166,413,968.71	109,713,285.76	157,846,488.36
Short-term loan due from related parties	5.1		-	-	19,836,904.98	17,961,650.00
Total current assets			237,344,869.77	235,139,260.60	208,247,147.02	219,658,014.31
Non - current assets						
Fixed deposits pledged as collateral	8		54,695,648.99	74,747,131.29	54,695,648.99	74,747,131.29
Investment in associate	9		7,593,146.81	-	8,000,000.00	-
Investment in joint venture	10		112,718,060.12	-	127,149,990.00	-
Investment in subsidiaries	11		-	-	27,411,271.72	12,469,096.50
Investments properties	12		77,199,693.09	-	77,199,693.09	-
Property, plant and equipment	13		28,091,588.58	250,905,524.33	23,775,944.57	248,406,454.61
Intangible assets	14		2,362,588.00	4,969,524.10	577,197.57	4,042,582.14
Prepaid rental			991,065.50	1,121,880.51	991,065.51	1,121,880.51
Witholding taxed			18,873,689.18	23,926,466.42	18,873,689.18	23,926,466.42
Deferred tax assets	15		1,944,708.44	-	1,944,708.44	-
Other non - current assets			3,167,891.96	3,847,261.65	2,775,360.31	3,556,850.31
Total non - current assets			307,638,080.67	359,517,788.30	343,394,569.38	368,270,461.78
Total Assets			544,982,950.44	594,657,048.90	551,641,716.40	587,928,476.09

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Natirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.

NCL International Logistics Public Company Limited and Subsidiaries

Statement of Financial Position

As at 31 December 2016

(Unit : Baht)

		Consolidated		Separate financial statement	
	Notes	2016	2015	2016	2015
<u>Liabilities and Shareholders' Equity</u>					
Current Liabilities					
Bank overdraft and short - term loans from financial institutions	16	205,761,555.59	189,829,967.12	205,761,555.59	189,829,967.12
Trade and other payables - related parties	5.1	3,955,132.87	1,543,414.51	3,714,406.35	2,837,588.31
Trade and other payables - third parties	17	77,249,705.66	95,629,756.05	59,215,155.63	90,385,636.67
Revenue Department payable		3,289,704.29	3,667,084.98	3,107,558.40	3,667,084.98
Short-term loan due to related party		-	136,529.06	-	-
Current portion					
Obligation under finance leases	18	7,465.46	24,838,175.53	7,465.46	24,838,175.53
Long-term loans due to financial institution	19	9,600,000.00	-	9,600,000.00	-
Total current liabilities		299,863,563.87	315,644,927.25	281,406,141.43	311,558,452.61
Non - Current Liabilities					
Obligation under finance leases	18	-	32,860,951.11	-	32,860,951.11
Long-term loans due to financial institution	19	14,000,000.00	-	14,000,000.00	-
Employee benefit obligations	20	5,190,192.10	3,928,667.00	5,190,192.10	3,928,667.00
Deferred tax liabilities	15	-	5,343,254.18	-	5,269,556.98
Other non - current liabilities		1,358,617.34	1,377,644.40	1,358,617.34	1,377,644.40
Total non - current Liabilities		20,548,809.44	43,510,516.69	20,548,809.44	43,436,819.49
Total Liabilities		320,412,373.31	359,155,443.94	301,954,950.87	354,995,272.10

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.



## NCL International Logistics Public Company Limited and Subsidiaries

## Statement of Financial Position

As at 31 December 2016

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2016	2015	2016	2014
Shareholders' Equity					
Share capital	21				
Authorised share capital					
560,000,000 ordinary shares of Baht 0.25 each		140,000,000.00	140,000,000.00	140,000,000.00	140,000,000.00
Issued and paid up share capital					
420,000,000 ordinary shares of Baht 0.25 each		105,000,000.00	105,000,000.00	105,000,000.00	105,000,000.00
Premium on ordinary shares	21	127,933,203.99	190,923,427.26	127,933,203.99	190,923,427.26
Retained earnings (deficits)					
Appropriated - legal reserve	22	10,500,000.00	10,500,000.00	10,500,000.00	10,500,000.00
Unappropriated		(16,866,947.60)	(71,677,820.99)	6,253,561.54	(73,490,223.27)
Other components of shareholders' equity		(239,380.74)	755,998.69	-	-
Equity attributable to owners of the Company		228,326,875.65	235,501,604.96	249,686,765.53	232,933,203.99
Non-controlling interests of the subsidiaries		(1,756,298.52)	-	-	-
Total Shareholders' Equity		224,570,577.13	235,501,604.96	249,686,765.53	232,933,203.99
Total Liabilities and Shareholders' Equity		544,982,950.44	594,657,048.90	551,641,716.40	587,928,476.09

.....Director  
(Ms.Pornthip Sae-lin)

.....Director  
(Ms.Netirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.

NCL International Logistics Public Company Limited and Subsidiaries

Statement of Comprehensive Income

For the year ended 31 December 2016

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2016	2015	2016	2015
			Reclassified		Reclassified
Revenues					
Service income		985,805,051.51	1,074,623,379.56	841,975,980.84	1,032,396,456.13
Other income		25,621,410.94	6,410,461.82	25,379,606.19	7,443,336.63
Total Revenues		1,011,226,462.45	1,081,033,841.38	867,355,587.03	1,039,839,792.76
Expenses					
Cost of services		829,883,075.71	919,162,389.99	695,377,278.48	891,222,195.26
Selling expenses		46,508,347.04	49,404,338.61	45,396,390.51	49,055,428.84
Administrative expenses		128,389,857.14	149,708,790.16	102,637,944.94	171,518,361.74
Finance cost		9,305,598.79	9,051,261.91	9,289,897.74	9,051,261.91
Total Expenses		1,014,086,878.68	1,127,326,780.67	852,701,511.67	1,120,847,247.75
Profit (loss) before share of loss from investment in associate and investment joint venture		(2,860,416.23)	(46,292,939.29)	14,654,075.36	(81,007,454.99)
Share of loss from investment in associate and joint venture		(14,838,783.06)	(32,661,104.81)	-	-
Profit (loss) before income tax income (expense)		(17,699,199.29)	(78,954,044.10)	14,654,075.36	(81,007,454.99)
Income tax income (expense)	23	2,175,105.30	(1,650,538.85)	2,099,486.18	(1,576,841.65)
Profit (loss) for the year		(15,524,093.99)	(80,604,582.95)	16,753,561.54	(82,584,296.64)
Other comprehensive income					
Items must be classified into profit or loss in the future					
Exchange differences on translation		(956,161.43)	897,129.93	-	-
Other comprehensive income (loss) for the year		(956,161.43)	897,129.93	-	-
Total comprehensive income (loss) for the year		(16,480,255.42)	(79,707,453.02)	16,753,561.54	(82,584,296.64)
Profit (loss) attributable to :					
Equity holders of the Company		(8,179,349.88)	(80,604,582.95)	-	-
Non-controlling interests of the subsidiaries		(7,344,744.11)	-	-	-
		(15,524,093.99)	(80,604,582.95)	-	-
Total comprehensive loss attributable to:					
Equity holders of the Company		(9,174,729.31)	(79,707,453.02)	-	-
Non-controlling interests of the subsidiaries		(7,305,526.11)	-	-	-
		(16,480,255.42)	(79,707,453.02)	-	-
Basic earnings (loss) per share	24	(0.04)	(0.19)	0.04	(0.20)
Number of share (Unit : share)		420,000,000	420,000,000	420,000,000	420,000,000

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.



NCL International Logistics Public Company Limited and Subsidiaries  
Consolidated Statements of Changes in Shareholders' Equity  
For the year ended 31 December 2016

		(Unit : Baht)					
Note	Issued and paid up share capital	Premium on share capital	Deficits		Exchange differences on translation	Non-controlling interests of the subsidiaries	Total
			Legal reserve	Unappropriated			
Balance as at 1 January 2015	105,000,000.00	190,923,427.26	10,500,000.00	18,926,761.96	(141,131.24)	-	325,209,057.98
Changes in equity for the year							
Dividend paid	-	-	-	(10,000,000.00)	-	-	(10,000,000.00)
Total comprehensive loss for the year	-	-	-	(80,604,582.95)	897,129.93	-	(79,707,453.02)
Balance as at 31 December 2015	105,000,000.00	190,923,427.26	10,500,000.00	(71,677,820.99)	755,998.69	-	235,501,604.96
Changes in equity for the year							
Increase from increment of subsidiary's share capital	-	-	-	-	-	5,549,227.89	5,549,227.89
Legal reserve and premium on share capital transferred to offset the accumulated deficit	-	(62,990,223.27)	(10,500,000.00)	73,490,223.27	-	-	-
Legal reserve	-	-	10,500,000.00	(10,500,000.00)	-	-	-
Total comprehensive loss for the year	-	-	-	(8,179,349.88)	(985,379.43)	(7,305,526.11)	(16,480,255.42)
Balance as at 31 December 2016	105,000,000.00	127,933,203.99	10,500,000.00	(16,868,947.60)	(239,380.74)	(1,756,298.52)	224,570,577.13

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Nesirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements

NCL International Logistics Public Company Limited and Subsidiaries

Separate Statements of Changes in Shareholders' Equity

For the year ended 31 December 2016

(Unit : Baht)

	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings (deficits)		Total
				Legal reserve	Unappropriated	
Balance as at 1 January 2016		105,000,000.00	190,923,427.26	10,500,000.00	19,094,073.37	325,517,500.63
Changes in equity for the year						
Dividend paid	25	-	-	-	(10,000,000.00)	(10,000,000.00)
Total comprehensive loss for the year		-	-	-	(82,584,296.64)	(82,584,296.64)
Balance as at 31 December 2015		105,000,000.00	190,923,427.26	10,500,000.00	(73,490,223.27)	232,933,203.99
Legal reserve and premium on share capital transferred						
to offset the accumulated deficit	21	-	(62,990,223.27)	(10,500,000.00)	73,490,223.27	-
Legal reserve	22	-	-	10,500,000.00	(10,500,000.00)	-
Total comprehensive income for the year		-	-	-	16,753,561.54	16,753,561.54
Balance as at 31 December 2016		105,000,000.00	127,933,203.99	10,500,000.00	6,253,561.54	249,686,765.53

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.



## NCL International Logistics Public Company Limited and Subsidiaries

## Statements of Cash Flows

For the year ended 31 December 2016

(Unit : Baht)

		Consolidated		Separate financial statement	
	Notes	2016	2015	2016	2015
Cash Flow from Operating Activities					
Profit (loss) before income tax income (expense)		(10,354,455.18)	(78,954,044.10)	14,654,075.36	(81,007,454.99)
Adjustments to reconcile profit (loss) before income tax income (expense) for					
cash provided by (used in) operating activities					
Doubtful debt		5,652,794.12	3,053,087.39	5,652,794.12	3,053,087.39
Unrealised gain from exchange rates		(962,031.22)	(297,847.26)	(35,865.14)	(772,007.67)
(Gain) loss on disposal of property, plant and equipment		(5,522,239.77)	53,964.58	(5,547,391.67)	53,964.58
Depreciation and amortisation		13,623,205.89	20,536,143.29	12,666,071.33	19,917,766.54
Impairment loss on investment in associate		-	-	-	32,750,400.00
Impairment loss on intangible assets		523,890.46	-	-	-
Gain from sale of investment in associate		(349,521.00)	-	(349,521.00)	-
Loss from written off assets		4,297.47	551,630.28	4,297.47	551,630.28
Loss from written off deposit		-	18,494,850.00	-	18,494,850.00
Loss from written off intangible assets		2,328,000.00	-	2,328,000.00	-
Prepaid rental		130,815.01	130,815.00	130,815.00	130,815.00
Employee benefit obligations		1,261,525.10	1,042,966.00	1,261,525.10	1,042,966.00
Share of loss from investment in subsidiaries of non-controlling interests		(7,344,744.11)	-	-	-
Share of loss from investment in associate and joint venture		14,838,783.07	32,661,104.81	-	-
Interest income		(941,162.85)	(661,409.04)	(1,870,115.87)	(874,783.60)
Interest expenses		9,305,598.79	9,051,261.91	9,289,897.74	9,051,261.91
Profit from operating activities before changes in operating assets					
and liabilities		22,194,755.78	5,662,522.84	38,184,582.44	2,392,495.42
(Increase) decrease in trade and other receivables - related parties		(4,555,448.06)	(47,419.91)	(4,865,972.73)	(1,453,678.44)
(Increase) decrease in trade and other receivables - third parties		30,299,968.47	(60,150,213.34)	44,588,487.44	(51,688,418.22)
(Increase) decrease in other non-current assets		671,193.73	(19,582,818.62)	781,490.00	(19,492,000.00)
Increase (decrease) in trade and other payables - related parties		2,404,535.34	1,324,766.91	875,922.44	2,618,940.71
Increase (decrease) in trade and other payables - third parties		(26,166,874.57)	32,595,335.44	(39,436,710.04)	27,489,227.54
Increase (decrease) in revenue department payable		(377,380.69)	167,359.15	(559,526.58)	167,359.15
Increase (decrease) in other non-current liabilities		(19,027.06)	(181,799.90)	(19,027.06)	(181,799.90)
Cash generated from operation		24,451,722.94	(40,212,267.43)	39,549,245.91	(40,147,873.74)
Cash received from interest		930,494.49	625,996.06	1,877,768.85	732,683.34
Cash paid for employee benefit		5,713,070.01	-	5,713,070.01	-
Cash paid for income tax		(10,204,018.54)	(8,614,663.19)	(9,531,434.55)	(8,614,663.19)
Net Cash provided by (used in) Operating Activities		20,891,268.90	(48,200,934.56)	37,808,650.22	(48,029,853.59)

Director

(Ms.Pornthip Sae-lim)

Director

(Ms.Netirad Sang-ngam)

NCL International Logistics Public Company Limited and Subsidiaries

Statements of Cash Flows

For the year ended 31 December 2016

(Unit : Baht)

	Notes	Consolidated 2016	Consolidated 2015	Separate financial statement 2016	Separate financial statement 2015
<b>Cash Flow from Investing Activities</b>					
Cash paid for purchase of property, plant and equipment		(3,637,062.18)	(24,447,039.91)	(1,160,698.82)	(22,631,278.69)
Cash received from sales of property, plant and equipment		4,823,702.68	1,616,822.43	4,848,854.58	1,616,822.43
Cash paid for purchase of intangible assets		(1,740,162.80)	(1,947,846.99)	-	(858,105.31)
Cash paid for investment in associate		(8,000,000.00)	-	(8,000,000.00)	-
Cash paid for investment in joint venture		(6,205,050.45)	-	(6,205,050.45)	-
Cash paid for investment in subsidiary		-	-	(5,999,990.00)	-
Cash received from sale of investment in associate		349,521.00	-	349,521.00	-
(Increase) decrease in fixed deposits pledged as collateral		20,051,482.30	(3,228,842.50)	20,051,482.30	(3,228,842.50)
Cash paid for short-term loan to related party		-	-	(11,000,000.00)	(17,967,800.00)
Net Cash provided by (used in) Investing Activities		5,642,430.55	(28,006,908.97)	(7,115,881.39)	(43,069,204.07)
<b>Cash Flows from Financing Activities</b>					
Increase (decrease) in bank overdraft and short - term loans from financial institutions		15,931,588.47	107,119,633.39	15,931,588.47	107,119,633.39
Cash received from non controlling interest		5,549,247.59	-	-	-
Increase (decrease) in short-term loan due to related party		(136,529.06)	136,529.06	-	-
Cash paid for long - term loans from financial institution		(6,400,000.00)	-	(6,400,000.00)	-
Cash received from long-term loan due from financial institution		30,000,000.00	-	30,000,000.00	-
Cash paid for obligation under finance leases		(31,257,654.53)	(28,086,957.69)	(31,257,654.53)	(28,086,957.69)
Cash paid for interest - obligation under finance leases		(1,944,571.38)	(4,724,467.25)	(1,944,571.38)	(4,079,134.43)
Interest paid		(7,402,866.47)	(4,079,134.43)	(7,387,167.42)	(4,724,467.25)
Dividend paid		-	(9,994,850.79)	-	(9,994,850.79)
Net Cash provided by Financing Activities		4,339,212.62	60,370,752.29	(1,057,804.86)	60,234,223.23
<b>Effect of exchange rate changes on</b>					
Cash and Cash Equivalent		(742,961.11)	383,451.33	-	-
Net Increase (Decrease) in Cash and Cash Equivalent		30,129,950.96	(15,453,637.91)	29,434,963.97	(30,864,834.43)
Cash and Cash Equivalent at Beginning of Year		68,555,975.72	84,009,613.63	42,167,613.97	73,032,448.40
Cash and Cash Equivalent at End of Year	26.1	98,685,926.68	68,555,975.72	71,602,577.94	42,167,613.97

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Natirad Sang-ngam)

Notes to financial statements are an integral part of these financial statements.



1. General information

NCL International Logistics Public Company Limited is a public limited company and is incorporated in Thailand. The Company is listed on The Market for Alternative Investment (MAI). The address of the Company's registered office is 56/9-10 Soi Taksin 12/1, Taksin Road, Bukkalo, Thonburi, Bangkok.

The principal activities of the Company and subsidiary ("the Group") consisted of land transportation, freight forwarding and non vessel operating common carrier ("NVOCC").

2. Basis of preparation of financial statements

The consolidated and separate financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E.2535(or 1992).

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although the management has most well prepared the figures of estimation from the understanding of events and the things that have been done presently.

The financial statements issued for Thai report purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

.....Director

(Ms.Pomthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after 1 January 2016.

TFRS No. 2 Share-based Payment (revised 2015)  
 TFRS No. 3 Business Combinations (revised 2015)  
 TFRS No. 4 Insurance Contracts (revised 2015)  
 TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2015)  
 TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2015)  
 TFRS No. 8 Operating Segments (revised 2015)  
 TFRS No. 10 Consolidated Financial Statements (revised 2015)  
 TFRS No. 11 Joint Arrangements (revised 2015)  
 TFRS No. 12 Disclosure of Interests in Other Entities (revised 2015)  
 TFRS No. 13 Fair Value Measurement (revised 2015)  
 TAS No. 1 Presentation of Financial Statements (revised 2015)  
 TAS No. 2 Inventories (revised 2015)  
 TAS No. 7 Statement of Cash Flows (revised 2015)  
 TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2015)  
 TAS No. 10 Events after the Reporting Period (revised 2015)  
 TAS No. 11 Construction Contracts (revised 2015)  
 TAS No. 12 Income Taxes (revised 2015)  
 TAS No. 16 Property, Plant and Equipment (revised 2015)  
 TAS No. 17 Leases (revised 2015)  
 TAS No. 18 Revenue (revised 2015)  
 TAS No. 19 Employee Benefits (revised 2015)  
 TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2015)  
 TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2015)  
 TAS No. 23 Borrowing Costs (revised 2015)  
 TAS No. 24 Related Party Disclosures (revised 2015)  
 TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2015)  
 TAS No. 27 Separate Financial Statements (revised 2015)  
 TAS No. 28 Investments in Associates and Joint Ventures (revised 2015)  
 TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2015)  
 TAS No. 33 Earnings per Share (revised 2015)  
 TAS No. 34 Interim Financial Reporting (revised 2015)  
 TAS No. 36 Impairment of Assets (revised 2015)  
 TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2015)  
 TAS No. 38 Intangible Assets (revised 2015)  
 TAS No. 40 Investment Property (revised 2015)  
 TAS No. 41 Agriculture  
 TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2015)  
 TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2015)  
 TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2015)  
 TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies (revised 2015)  
 TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2015)  
 TFRIC No. 12 Service Concession Arrangements (revised 2015)  
 TFRIC No. 13 Customer Loyalty Programmes (revised 2015)  
 TFRIC No. 14 TAS 19 (revised 2015) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2015)  
 TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2015)  
 TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2015)  
 TFRIC No. 18 Transfers of Assets from Customers (revised 2015)

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2015)  
 TFRIC No. 21 Levies  
 TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2015)  
 TSIC No. 15 Operating Leases – Incentives (revised 2015)  
 TSIC No. 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2015)  
 TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2015)  
 TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2015)  
 TSIC No. 31 Revenue – Barter Transactions Involving Advertising Services (revised 2015)  
 TSIC No. 32 Intangible Assets – Web Site Costs (revised 2015)

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the Group's financial statements for the current period.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	Effective date
TFRS No. 2 Share-based Payment (revised 2016)	1 January 2017
TFRS No. 3 Business Combinations (revised 2016)	1 January 2017
TFRS No. 4 Insurance Contracts (revised 2016)	1 January 2017
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2016)	1 January 2017
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2016)	1 January 2017
TFRS No. 8 Operating Segments (revised 2016)	1 January 2017
TFRS No. 10 Consolidated Financial Statements (revised 2016)	1 January 2017
TFRS No. 11 Joint Arrangements (revised 2016)	1 January 2017
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2016)	1 January 2017
TFRS No. 13 Fair Value Measurement (revised 2016)	1 January 2017
TAS No. 1 Presentation of Financial Statements (revised 2016)	1 January 2017
TAS No. 2 Inventories (revised 2016)	1 January 2017
TAS No. 7 Statement of Cash Flows (revised 2016)	1 January 2017
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)	1 January 2017
TAS No. 10 Events after the Reporting Period (revised 2016)	1 January 2017
TAS No. 11 Construction Contracts (revised 2016)	1 January 2017
TAS No. 12 Income Taxes (revised 2016)	1 January 2017
TAS No. 16 Property, Plant and Equipment (revised 2016)	1 January 2017
TAS No. 17 Leases (revised 2016)	1 January 2017
TAS No. 18 Revenue (revised 2016)	1 January 2017
TAS No. 19 Employee Benefits (revised 2016)	1 January 2017
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)	1 January 2017
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2016)	1 January 2017
TAS No. 23 Borrowing Costs (revised 2016)	1 January 2017
TAS No. 24 Related Party Disclosures (revised 2016)	1 January 2017
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)	1 January 2017
TAS No. 27 Separate Financial Statements (revised 2016)	1 January 2017
TAS No. 28 Investments in Associates and Joint Ventures (revised 2016)	1 January 2017
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2016)	1 January 2017
TAS No. 33 Earnings per Share (revised 2016)	1 January 2017
TAS No. 34 Interim Financial Reporting (revised 2016)	1 January 2017

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



	Effective date
TAS No. 36 Impairment of Assets (revised 2016)	1 January 2017
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)	1 January 2017
TAS No. 38 Intangible Assets (revised 2016)	1 January 2017
TAS No. 40 Investment Property (revised 2016)	1 January 2017
TAS No. 41 Agriculture (revised 2016)	1 January 2017
TAS No. 104 Accounting for Troubled Debts Restructurings (revised 2016)	1 January 2017
TAS No. 105 Accounting for Investments in Debt and Equity Securities (revised 2016)	1 January 2017
TAS No. 107 Financial Instruments: Presentation and Disclosures (revised 2016)	1 January 2017
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2016)	1 January 2017
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2016)	1 January 2017
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)	1 January 2017
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)	1 January 2017
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2016)	1 January 2017
TFRIC No. 12 Service Concession Arrangements (revised 2016)	1 January 2017
TFRIC No. 13 Customer Loyalty Programmes (revised 2016)	1 January 2017
TFRIC No. 14 TAS 19 (revised 2016) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2016)	1 January 2017
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2016)	1 January 2017
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2016)	1 January 2017
TFRIC No. 18 Transfers of Assets from Customers (revised 2016)	1 January 2017
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2016)	1 January 2017
TFRIC No. 21 Levies (revised 2016)	1 January 2017
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2016)	1 January 2017
TSIC No. 15 Operating Leases - Incentives (revised 2016)	1 January 2017
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2016)	1 January 2017
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)	1 January 2017
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2016)	1 January 2017
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2016)	1 January 2017
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2016)	1 January 2017
Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or Loss	1 January 2017

The Group has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Group's financial statements.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



### 3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Subsidiary are those entities under the control by the Group. The Group controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with subsidiaries. Subsidiary are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The consolidated financial statements consisted of the financial statements of NCL International Logistics Public Company Limited, and subsidiary (together referred to as "the Group") which there was the structure of the Group as follows :

<u>Name of company</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2016</u>	<u>2015</u>
NCL Inter Logistics (S) Pte. Ltd.	Logistics Provider	Singapore	100.00	100.00
Legend Shipping (Thailand) Co., Ltd.	Logistics Provider	Thailand	60.00	-
Legacy Asia Capital Pte. Ltd.	Logistics Provider	Singapore	70.00	-

Balances between the Company and its subsidiary, significant intercompany transactions have been eliminated from the consolidated financial statements.

The financial statements of the subsidiary are prepared using the same significant accounting policies as applied to the Company.

The financial statements of the subsidiary are prepared using the same reporting period as applied to the Company.

The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of "Exchange differences on translation" in the statements of changes in shareholders' equity.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

#### 4.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

#### 4.2 Trade account receivable

Trade accounts receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by analysis of payment histories and review of all outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

#### 4.3 Investments

##### Investments in associates

Investments in associates are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in associates are accounted for using the equity method in the consolidated financial statements.

##### Investments in joint ventures

Investments in joint ventures are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in joint ventures is accounted for using the equity method in the consolidated financial statements.

Where there is the necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with the policies adopted by the Group. The financial statements of the associates and joint ventures are prepared for the same reporting periods as the Company.

##### Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## 4.4 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).

## 4.5 Property, plant and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (if any).

The Group's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

	<u>Year</u>
Office building and factory	5 - 30
Equipment and facility system	3 - 5
Motor vehicles	5 - 20

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



#### 4.6 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives such as computer software, are stated at cost less accumulated amortization and amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (10 years).

#### 4.7 Accounting for leases

##### Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

##### Where the Group is the lesser

##### Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## 4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## 4.9 Impairment of assets

The carrying amounts of the Group's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

## 4.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

#### 4.11 Provision for decommissioning cost

The Group recognises provision for the parking lot costs, which are provided at the onset of completion of the project, for the estimate of the eventual cost that relate to the removal of the parking lot. The recognised provision for decommissioning cost are based on future removal cost estimates and incorporate many assumptions such as abandonment times and future inflation rate and discounted to present value at the discount rate estimated by management. Those cost are included as part of the parking lot.

#### 4.12 Revenue recognition

Revenue from outward freight forwarding is recognised upon shipment. Revenue from inward freight forwarding is recognised when delivery order (D/O) are delivered. Revenues from transportation are recognised when goods and delivered.

Revenues from warehouse and distribution management and custom brokerage services are recognised when services have been rendered.

Rental income is recognised as income over the lease period.

Income interest is recognised on an accrual basis unless collectability is in doubt.

#### 4.13 Retirement benefit costs

##### Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



#### Defined benefit plan

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent period

#### 4.14 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as incurred.

#### 4.15 Income tax

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.

The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

.....Director

(Ms.Pornthip Sae-Ilm)

.....Director

(Ms.Netirad Sang-ngam)



The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in subsidiaries and associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

#### 4.16 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, investment in equity securities, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

#### 4.17 Critical accounting estimates, assumption and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Plant equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## Financial lease/ Operation lease

The Group has entered into lease agreements for rental vehicle and equipment. The Group has determined, based on an evaluation on terms and conditions of the arrangements, that the lease transfers ownership of these assets to the lessee, and so accounts for the contracts as financial leases.

## Employment benefits

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2016, Phuathavornskul family is a major shareholder, holding 49.64% (2015 : 50.53%) of the share capital of the NCL International Logistics Public Company Limited. Transactions related to companies in which the Phuathavornskul family is the principal shareholders or directors are recognised as related parties to the Company.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

The transactions with related parties for the years ended 31 December 2016 and 2015 and as follows:

## 5.1 Inter-assets and liabilities

	Consolidated		Separate financial statement	
	2016	2015	2016	2015
(Unit : Baht)				
Trade receivables				
Great&Grammer (Thailand) Co.,Ltd.	43,284.90	15,559.17	43,284.90	15,559.17
Legend Shipping (Thailand) Co., Ltd.	-	-	112,621.78	-
NCL Inter Logistics (S) Pte.Ltd.	-	-	3,631,496.05	432,999.70
S.S.K Group Sales and Service Co., Ltd.	290,521.77	-	290,521.77	-
S.S.K Inter Logistics Co., Ltd.	3,533.00	-	3,533.00	-
Legend Shipping PTE Ltd.	1,291,582.42	-	24,266.17	-
Legend Shipping (India) LLP	1,444,099.38	-	641,858.40	-
Legacy Tank PTE Ltd.	711,396.45	-	-	-
Total	3,784,417.92	15,559.17	4,747,582.07	448,558.87
Receivable from assets acquisition				
S.S.K Inter Logistics Co., Ltd.	644,948.92	-	644,948.92	-
Custom brokerage receivable				
S.S.K Group Sales and Service Co., Ltd.	45,418.04	-	45,418.04	-
S.S.K Inter Logistics Co., Ltd.	1,500.00	-	1,500.00	-
Great&Grammer (Thailand) Co.,Ltd.	-	153,757.00	28,330.21	153,757.00
Total	46,918.04	153,757.00	75,248.25	153,757.00
Advance payment				
NCL Inter Logistics (S) Pte.Ltd.	-	-	509,513.69	973,258.82
Legend Shipping (Thailand) Co., Ltd.	-	-	78,684.28	-
Total	-	-	588,197.97	973,258.82
Accrued rental				
S.S.K Inter Logistics Co., Ltd.	810,000.00	-	810,000.00	-
Accrued interest				
NCL Inter Logistics (S) Pte.Ltd.	-	-	88,851.94	106,687.29
Legend Shipping (Thailand) Co., Ltd.	-	-	139,549.19	-
Total	-	-	228,401.13	106,687.29
Total other receivables	1,501,866.96	153,757.00	2,346,796.27	1,233,703.11
Total trade and other receivables	5,286,284.88	169,316.17	7,094,378.34	1,682,261.98

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



(Unit : Baht)

	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Short-term loans due from related parties				
Legend Shipping (Thailand) Co., Ltd.				
Opening balance	-	-	-	-
Increased during the period	-	-	11,000,000.00	-
Repayment in during the period	-	-	-	-
Ending balance	-	-	11,000,000.00	-
S.S.K Inter Logistics Co., Ltd.				
Opening balance	-	-	-	-
Increased during the period	10,000,000.00	-	10,000,000.00	-
Repayment in during the period	(10,000,000.00)	-	(10,000,000.00)	-
Ending balance	-	-	-	-
NCL Inter Logistics (S) Pte.Ltd.				
Opening balance	-	-	17,961,650.00	-
Increased during the period	-	-	-	17,967,800.00
Transfer to be investment	-	-	(8,942,185.22)	-
Effects of exchange rate	-	-	(182,559.80)	(6,150.00)
Ending balance	-	-	8,836,904.98	17,961,650.00
Total	-	-	19,836,904.98	17,961,650.00
Deposit payment				
Transoffshore Logistics Pte.Ltd.	-	18,494,850.00	-	18,494,850.00
Less Loss on written off	-	(18,494,850.00)	-	(18,494,850.00)
	-	-	-	-
Trade payables				
S.S.K Inter Logistics Co., Ltd.	816,507.20	-	816,507.20	-
Legend Shipping (Thailand) Co., Ltd.	-	-	97,679.33	-
Legend Shipping PTE Ltd.	1,281,599.35	-	2,067.98	-
Legend Shipping (India) LLP	809,973.44	-	-	-
NCL Inter Logistics (S) Pte.Ltd.	-	-	1,751,098.96	967,173.80
Total	2,908,079.99	-	2,667,353.47	967,173.80
Other payable				
NCL Inter Logistics (S) Pte.Ltd.	-	-	-	327,000.00

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Accrued bonus				
Director	798,216.28	-	798,216.28	-
Accrued commission				
Director	-	1,203,414.51	-	1,203,414.51
Accrued pension				
Director	-	340,000.00	-	340,000.00
Cheque payables				
S.S.K Inter Logistics Co., Ltd.	248,836.60	-	248,836.60	-
Total other payables	1,047,052.88	1,543,414.51	1,047,052.88	1,870,414.51
Total trade and other payables	3,955,132.87	1,543,414.51	3,714,406.35	2,837,588.31
Short-term loans due to related party				
Transoffshore Logistics Pte.Ltd.*				
Opening balance	136,529.06	-	-	-
Increased during the period	-	136,529.06	-	-
Collected during the period	(136,529.06)	-	-	-
Ending balance	-	136,529.06	-	-
Purchase property, plants and equipment				
Director	-	15,716,159.00	-	15,716,159.00

As at 31 December 2016 and 2015, the subsidiary in Singapore had loans from the Company in form of loan agreement endure for a period 1 year, bear interest between 4.00% per annum.

As at 31 December 2016, the subsidiary in Thailand had loans from the Company in form of loan agreement endure for a period 3 Months, bear interest between 7.50% per annum.

As at 31 December 2016, the joint venture in Thailand had loans from the Company in form of loan agreement endure for a period 3 Months, bear interest between 7.50% per annum.

As at 31 December 2015, the subsidiary in Singapore had loans from the related company in Singapore, repayable upon demand and no interest charge without making a contract. For the year ended 31 December 2016, the subsidiary has paid the whole amount of such loans already.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## 5.2 Inter-revenue and expenses

	(Unit: Baht)			
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Freight forwarder income				
S.S.K Group Sales and Service Co., Ltd.	7,877,860.15	-	7,877,860.15	-
S.S.K Inter Logistics Co., Ltd.	4,797,232.46	-	4,797,232.46	-
Legend Shipping (India) LLP	11,740,894.04	-	8,176,095.28	-
Legend Shipping (Myanmar)	2,370,631.93	-	2,370,631.93	-
Legend Shipping PTE Ltd.	30,117,989.07	-	11,420,292.46	-
Legacy Tank PTE Ltd.	2,045,363.19	-	100,773.27	-
NCL Inter Logistics (S) Pte.Ltd.	-	-	11,341,169.20	3,914,475.72
Transoffshore Logistics Pte.Ltd.	-	25,710,602.76	-	25,710,602.76
Great&Grammer (Thailand) Co.,Ltd.	185,788.29	292,842.62	185,788.29	292,842.62
Total	59,135,759.13	26,003,445.38	46,269,843.04	29,917,921.10
Rental revenue				
Legend Shipping (Thailand) Co., Ltd.	-	-	30,000.00	-
S.S.K Inter Logistics Co., Ltd.	14,492,842.11	-	14,492,842.11	-
Total	14,492,842.11	-	14,522,842.11	-
Service revenue				
Legend Shipping (Thailand) Co., Ltd.	-	-	800,000.00	-
Interest income				
NCL Inter Logistics (S) Pte.Ltd .	-	-	461,019.37	-
Legend Shipping (Thailand) Co., Ltd..	-	-	183,196.73	-
S.S.K Inter Logistics Co., Ltd.	294,774.59	-	294,774.59	-
Total	294,774.59	-	938,990.69	-

.....Director

(Ms.Pornthip Sae-ilm)

.....Director

(Ms.Netirad Sang-ngam)

(Unit: Baht)

	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Service cost				
S.S.K Inter Logistics Co., Ltd.	497,500.00	-	497,500.00	-
Legend Shipping (India) LLP	7,099,472.30	-	6,276,185.65	-
Legend Shipping (Myanmar)	8,714,008.06	-	5,471,424.37	-
Legend Shipping PTE Ltd.	8,147,266.70	-	3,667,371.93	-
NCL Inter Logistics (S) Pte.Ltd.	-	-	9,102,623.54	13,613,211.76
Legacy Tank PTE Ltd.	143,524.68	-	36,205.02	-
Transoffshore Logistics Pte.Ltd.	-	44,629,224.74	-	44,629,224.74
Total	24,601,771.74	44,629,224.74	25,051,310.51	58,242,436.50
Rental fee				
Director	-	720,000.00	-	720,000.00
Closed family of director	94,740.00	94,740.00	94,740.00	94,740.00
Total	94,740.00	814,740.00	94,740.00	814,740.00

### 5.3 Management benefit expenses

(Unit: Baht)

	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Short-term employee benefits	25,925,751.01	23,670,410.21	20,324,607.92	23,670,410.21
Post-employment benefits	651,087.00	567,674.00	651,087.00	567,674.00
	26,576,838.01	24,238,084.21	20,975,694.92	24,238,084.21

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



5.4 Nature of relationship

<u>Company</u>	<u>Relationship</u>
NCL Inter Logistics (S) Pte.Ltd.	Held by direct and mutual management
S.S.K Inter Logistics Co., Ltd.	Held by direct
S.S.K Group Sales and Service Co., Ltd.	Mutual shareholders in joint venture
Legend Shipping (Thailand) Co., Ltd.	Held by direct and mutual management
Legend Shipping PTE Ltd.	Shareholders in subsidiaries
Legend Shipping (India) LLP	Shareholders together with its subsidiary
Legend Shipping (Myanmar)	Shareholders together with its subsidiary
Legacy Tank PTE Ltd.	Shareholders together with its subsidiary
Transoffshore Logistics Pte.Ltd.*	Held by direct and executive director
Unitrans Global Co.,Ltd.	Mutual management.
VP International Logistics (Thailand) Co.,Ltd.	Shareholding and common directors
Sevenday Dialysis Co.,Ltd.	Held by closed family of director
Great&Grammer (Thailand) Co.,Ltd.	Mutual shareholders
Grace Water Med Co.,Ltd.	Held by direct and mutual management

\* The Company disposed such investment on 18 March 2016

5.5 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Purchase – disposal on assets	Based on appraised value by an independent appraiser
Inter - transportation fee	Price similar to outsider
Service fee	At cost +10% - 30%
Rental fee building for document storage	Contract price
Rental fee vehicle (prime-mover and trailers)	Cost +20% - 60%
Rental fee office building	Based on appraised value by an independent appraiser
Management fee	Contract price

5.6 Obligation

As at 31 December 2016 and 2015, the Company entered a lease agreement for building with a closed of family of director for a period of three years with option to renew. The Company was committed to pay for such rental in amount of Baht 0.09 million per year.

As at 31 December 2016 the Company entered into 2 lease agreements for land included constructions with a related company for the period of 3 years. The related company has the obligation to pay the rental fee at Baht 250,000.00 per month for the first six-month and after that will pay the rental fee at Baht 270,000.00 per month.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

As at 31 December 2016, the subsidiary entered a lease agreement for building with the joint venture for a period of three years. The subsidiary was committed to pay for such rental in amount of Baht 45,000 per month for the first six months and then pay rent 60,000 baht per month.

As at 31 December 2016, the subsidiary entered a management agreement. The subsidiary was committed to pay for such rental in amount of Baht 100,000 per month

During 2015, the Company entered a service agreement with an associate in Singapore. The Company was committed to share the compensation at the rate 50% of the gross margin from shipping revenues to such associate. At the present, the Company has ceased such service.

#### 6. Trade and other receivable – related parties

Consisted of

	Consolidate		Separate financial statements	
	2016	2015	2016	2015
Trade account receivables				
Within credit term	1,313,765.31	15,559.17	2,217,149.81	137,182.89
Overdue less than 3 months	984,451.42	-	1,864,307.69	311,375.98
Overdue 3 – 6 months	84,064.55	-	-	-
Overdue 6 – 12 months	716,087.18	-	666,124.57	-
Overdue over 12 months	-	-	-	-
Total	3,098,368.46	15,559.17	4,747,582.07	448,558.87
Other receivables	1,467,719.25	-	1,398,197.97	973,258.82
Custom brokerage receivable	75,248.25	153,757.00	75,248.25	153,757.00
Receivable from assets acquisition	644,948.92	-	644,948.92	-
Accrued Interest	-	-	228,401.13	106,687.29
Total	5,286,284.88	169,316.17	7,094,378.34	1,682,261.98

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



Outstanding custom brokerage receivable can be aged as follow:

	(Unit : Baht)	
	Consolidate/Separate financial statements	
	2016	2015
Within credit term	7,457.91	153,757.00
Overdue less than 3 months	67,790.34	-
Overdue 3-6 months	-	-
Overdue 6 - 12 months	-	-
Overdue over 12 months	-	-
Total	75,248.25	153,757.00

## 7. Trade and other receivable – third parties

Consisted of

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Trade receivables				
Post dated cheques	1,213,101.38	1,406,135.41	1,141,499.86	1,406,135.41
Trade receivables	124,840,433.04	152,779,738.29	104,330,509.64	144,994,264.48
Total	126,053,534.42	154,185,873.70	105,472,009.50	146,400,399.89
Less Allowance for doubtful debts	(9,685,488.56)	(7,729,590.42)	(9,685,488.56)	(7,729,590.42)
Net	116,368,045.86	146,456,283.28	95,786,520.94	138,670,809.47
Other receivables				
Custom brokerage receivable	7,038,214.67	10,837,721.37	7,038,214.67	10,837,721.37
Less Allowance for doubtful debts	(14,748.21)	(1,549.41)	(14,748.21)	(1,549.41)
Net	7,023,466.46	10,836,171.96	7,023,466.46	10,836,171.96
Other receivables	5,165,755.66	5,230,288.76	2,254,719.66	4,448,282.22
Less Allowance for doubtful debts	(87,418.16)	(87,418.16)	(87,418.16)	(87,418.16)
Net	5,078,337.50	5,142,870.60	2,167,301.50	4,360,864.06
Deposit payment	4,596,007.00	1,381,819.40	4,596,007.00	1,381,819.40
Prepaid insurance	306,801.39	2,596,823.47	139,989.86	2,596,823.47
Total other receivables	17,004,612.35	19,957,685.43	13,926,764.82	19,175,678.89
Total trade and other receivables	133,372,658.21	166,413,968.71	109,713,285.76	157,846,488.36

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

Outstanding trade receivable – third parties can be aged as follow:

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Within credit term	65,905,970.23	79,860,788.40	54,912,931.00	76,128,364.67
Overdue less than 3 months	39,260,134.36	53,527,779.79	30,504,552.38	49,984,021.37
Overdue 3 – 6 months	2,400,112.99	3,779,940.37	1,648,345.89	3,270,648.71
Overdue 6 – 12 months	2,436,002.85	7,931,846.77	2,354,866.24	7,931,846.77
Overdue over 12 months	16,051,313.99	9,085,518.37	16,051,313.99	9,085,518.37
Total	126,053,534.42	154,185,873.70	105,472,009.50	146,400,399.89
Less Allowance for doubtful debts	(9,685,488.56)	(7,729,590.42)	(9,685,488.56)	(7,729,590.42)
Net	116,368,045.86	146,456,283.28	95,786,520.94	138,670,809.47

The movement allowance for doubtful debts – trade receivable – third parties for the year ended 31 December 2016 and 2015 are as follow : -

	(Unit : Baht)	
	Consolidate/Separate financial statements	
	2016	2015
Beginning balance	(7,729,590.42)	(9,985,845.29)
Additions during the year	(1,883,232.78)	(631,034.79)
Collect during the year	-	2,887,289.66
Effective from exchange rate changes	(72,665.36)	-
Ending balance	(9,685,488.56)	(7,729,590.42)

.....Director  
(Ms.Pornthip Sae-ilm)

.....Director  
(Ms.Netirad Sang-ngam)



Outstanding custom brokerage receivable can be aged as follow:

(Unit : Baht)

	Consolidate/Separate financial statements	
	2016	2015
Within credit term	4,398,826.89	6,066,589.83
Overdue less than 3 months	2,508,069.65	4,755,902.89
Overdue 3–6months	38,650.10	9,659.44
Overdue 6– 12 months	77,919.82	4,019.80
Overdue over12months	14,748.21	1,549.41
Total	7,038,214.67	10,837,721.37
Less Allowance for doubtful debts	(14,748.21)	(1,549.41)
Net	7,023,466.46	10,836,171.96

The movement allowance for doubtful debts custom brokerage receivable for the year ended 31 December 2016 and 2015 are as follow : -

	Consolidate/Separate financial statements	
	2016	2015
Beginning balance	(1,549.41)	(1,549.41)
Additions during the year	(13,198.80)	-
Collect during the year	-	-
Ending balance	(14,748.21)	(1,549.41)

The movement allowance for doubtful debts other receivables-third parties for the year ended 31 December 2016 and 2015 are as follow : -

	Consolidate/Separate financial statements	
	2016	2015
Beginning balance	(87,418.16)	(87,418.16)
Additions during the year	-	-
Collect during the year	-	-
Ending balance	(87,418.16)	(87,418.16)

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

The Company provides credit term to its customers for a period not exceeding 60 days.

The Company has a policy of allowance for doubtful accounts receivable at 100% of the debtor which no contact with the Company anymore and overdue more than 181 days. (If the same customer has the outstanding both debtor and creditor. The Company will record the allowance for doubtful by the amount of debtor deducted by amount of creditor).

#### 8. Fixed deposit pledged as collateral

The whole amount is the fixed deposits which are pledged as collateral so as to guarantee against credit facility that the Company received from several commercial banks.

#### 9. Investment in associate

The nature and carrying value of investment in associate can be summarized as follows:-

Name of company	Nature of business	Country of incorporation	(Unit : Million Bath)		Percentage		(Unit : Million Bath)			
			Paid-up capital		% of holding		Equity Method		Cost Method	
			2016	2015	2016	2015	2016	2015	2016	2015
All individual material associate										
Grace Water Med Co.,Ltd.	Producing reagents dialysis	Thai	18.00	-	44.44%	-	7.59	-	8.00	-

Name of company	Nature of business	Country of incorporation	(Unit : Million SGD)		Percentage		(Unit : Million Bath)			
			Paid-up capital		% of holding		Equity Method		company	
			2016	2015	2016	2015	2016	2015	2016	2015
All individual immaterial associate										
Transoffshore Logistics Pte.Ltd.	Logistics Provider	Singapore	1.00	1.00	22.22%	22.22%	-	-	-	32.75
Less Allowance for impairment							-	-	-	(32.75)
Net						-	7.59	-	8.00	-

On 22 December 2014, the Company has purchased 222,222 ordinary shares of Transoffshore Logistics Pte. Ltd. at Baht 147.38 per share, equivalent to 22.22% of the called and paid up share capital. The shares were purchased from the said company's existing shareholders. The Company has assigned representatives to join the said company's board of directors.

In accordance with the minutes of the Company's board of directors' meeting No. 7/2015 held on 12 November 2015, it resolved to approve the selling of the investment of Transoffshore Logistics Pte. Ltd.'s associated company in Singapore.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



Financial information of associates that are material can be summarized as follows :-

	(Unit : Baht)	
	Grace Water Med Co.,Ltd.	
	2016	2015
Current assets	4,266,285.56	-
Non-current assets	14,805,123.56	-
Current liabilities	1,987,628.79	-
Non-current liabilities	-	-
Non-controlling interests	9,492,192.83	-

	(Unit : Baht)	
	Grace Water Med Co.,Ltd.	
	2016	2015
Revenues	2,706,900.28	-
Other comprehensive income	-	-
Total comprehensive loss	(915,419.67)	-
Dividend received from the associate	-	-

The reconciliation of the above financial information to the carrying amount which is accounted for using the equity method in the consolidated financial statements can be summarized as follows :-

	(Unit : Baht)	
	Grace Water Med Co.,Ltd.	
	2016	2015
Net assets	17,084,580.33	-
Group's interest in the associate	44.44%	-
Group's share in the net assets	7,593,146.81	-
Adjustment for using the equity method	-	-
Goodwill	-	-
Carrying amount under the equity method	7,593,146.81	-

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

## 10. Investment in joint venture

The nature of business and the carrying value of investment in joint ventures can be summarized as follows :-

Name of company	Nature of business	Country of incorporation	(Unit : million Baht)		Percentage		(Unit : Million Bath)			
			Paid-up capital		% of holding		Equity Method		Cost Method	
			2016	2015	2016	2015	2016	2015	2016	2015
All individual material joint ventures										
S.S.K Inter Logistics Co., Ltd.	Transportation	Thailand	290.00	-	43.48%	-	112.72	-	127.15	-

In January 2016, the Company has purchased 50,000 ordinary shares of Transoffshore Logistics Pte. Ltd. at Baht 10 per share, equivalent to 50% of the called up capital. Later, in June 2016, SSK Inter Logistics Co., Ltd. has increased its capital from formerly Baht 1.00 million to Baht 290.00 million. The Company purchased 12,664,999 new ordinary shares at Baht 10.00 per share, equivalent to 43.48%. The Company agreed to manage the said entity as jointly controlled entity with a joint-investor of the said company.

Financial information of associates that are material can be summarized as follows :-

	(Unit : Baht)
	<b>S.S.K Inter Logistics Co., Ltd.</b>
	<b>2016</b>
Current assets	34,615,105.78
Non-current assets	340,660,265.05
Current liabilities	46,067,930.70
Non-current liabilities	67,613,872.86

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	4,146,654.97
Current financial liabilities (excluding payables and provisions)	22,903,591.18
Non-current financial liabilities (excluding payables and provisions)	66,097,932.32

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



Financial information of joint ventures that are material can be summarized as follows :-

(Unit : Baht)

S.S.K Inter Logistics Co., Ltd.

2016

Revenue	129,019,651.35
Profit from continuing operations	(28,406,432.73)
Other comprehensive income	-
Total comprehensive income	(28,406,432.73)
Dividend received from the associate	-

The above revenue and profit (loss) include the following:

Interest income	17,429.37
Depreciation and amortization expense	5,682,010.56
Interest expense	2,745,307.48
Income tax expense	261,662.54

The reconciliation of the above financial information to the carrying amount which is accounted for using the equity method in the consolidated financial statements can be summarized as follows :-

(Unit : Baht)

S.S.K Inter Logistics Co., Ltd.

2016

Net assets	261,593,567.27
Group's interest in the associate	43.48%
Group's share in the net assets	114,695,239.53
Adjustment for using the equity method	
Unrecognized share of losses	(1,977,179.41)
Carrying amount under the equity method	112,718,060.12

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

## 11. Investment in subsidiaries

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows :-

Name of Company	Nature of business	Country of incorporation	(Unit : Million SGD)		(%)		(Unit : Million Baht)			
			Paid-up capital		Investment portion		Cost method		Dividends	
			2016	2015	2016	2015	2016	2015	2016	2015

### Subsidiary don't having non-controlling interests

NCL Inter Logistics (S) Pte. Ltd.	Logistics provider	Singapore	0.70	0.50	100.00	100.00	17.80	12.47	-	-
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Name of Company	Nature of business	Country of incorporation	(Unit : Million Baht)		(%)		(Unit : Million Baht)			
			Paid-up capital		Investment portion		Cost method		Dividends	
			2016	2015	2016	2015	2016	2015	2016	2015

### Subsidiary having material non-controlling interests

Legend Shipping (Thailand) Co., Ltd.	Logistics provider	Thailand	10.00	-	60.00	-	6.00	-	-	-
--------------------------------------	--------------------	----------	-------	---	-------	---	------	---	---	---

Name of Company	Nature of business	Country of incorporation	(Unit : Million USD)		(%)		(Unit : Million Baht)			
			Paid-up capital		Investment portion		Cost method		Dividends	
			2016	2015	2016	2015	2016	2015	2016	2015

### Subsidiary having material non-controlling interests

Legacy Asia Capital Pte. Ltd.	Logistics provider	Singapore	0.20	-	70.00	-	3.61	-	-	-
							27.41	12.47	-	-

Information on subsidiaries having non-controlling interests can be summarized as follows:

	(Million Baht)		Investment		Non-controlling interest		Profit (loss) allocated to non-controlling interest	
	Paid-up capital		portion (%)		(Million Baht)		(Million Baht)	
	2016	2015	2016	2015	2016	2015	2016	2015

### Subsidiaries having material non-controlling interests

Legend Shipping (Thailand) Co., Ltd.	10.00	-	40.00	-	(3.06)	-	(7.06)	-
--------------------------------------	-------	---	-------	---	--------	---	--------	---

	(Million USD)		Investment		Non-controlling interest		Profit (loss) allocated to non-controlling interest	
	Paid-up capital		portion (%)		(Million Baht)		(Million Baht)	
	2016	2015	2016	2015	2016	2015	2016	2015

### Subsidiaries having immaterial non-controlling interests

LegacyAsia Capital Pte. Ltd.	0.20	-	30.00	-	1.30	-	(0.25)	-
Total					(1.76)	-	(7.31)	-

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



Financial information before inter-company eliminations of the subsidiaries having non-controlling interests that are material can be summarized as follows:

	Legend Shipping (Thailand) Co., Ltd.		LegacyAsia Capital Pte. Ltd.	
	2016	2015	2016	2015
Current assets	14,741,372.96	-	5,236,577.84	-
Non-current assets	3,378,043.33	-	-	-
Current liabilities	25,760,329.01	-	696,870.31	-
Non-current liabilities	-	-	-	-
Owners of the parent	(4,584,547.63)	-	3,239,640.96	-
Non-controlling interest	(3,056,365.09)	-	1,300,066.57	-

	Legend Shipping (Thailand) Co., Ltd.		LegacyAsia Capital Pte. Ltd.	
	2016	2015	2016	2015
Revenues	81,236,327.76	-	1,739,126.63	-
Profit (loss) from continuing operations	(17,640,912.72)	-	(755,077.77)	-
Post-tax profit (loss) from discontinued operation	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(17,640,912.72)	-	(755,077.77)	-
Dividend paid to non-controlling interest	-	-	-	-

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

## 12. Investment Properties

Consisted of:-

(Unit : Baht)

	Consolidate/Separate financial statements		
	Land and land improvement	Buildings and building improvement	Total
Cost:-			
As at 1 January 2016	-	-	-
Transfer from property, plant and equipment	56,704,970.72	22,173,423.28	78,878,394.00
As at 31 December 2016	56,704,970.72	22,173,423.28	78,878,394.00
Allowance for impairment:-			
As at 1 January 2016	-	-	-
Depreciation for the year	(791,761.45)	(886,939.46)	(1,678,700.91)
As at 31 December 2016	(791,761.45)	(886,939.46)	(1,678,700.91)
Net book value:-			
As at 31 December 2016	55,913,209.27	21,286,483.82	77,199,693.09
Depreciation for the year ended 31 December 2016			1,678,700.91

As at 31 December 2016, the Group has mortgaged the land plus property with carrying amounts of Baht 78.88million in order to guarantee against credit facility that the Group receives from one commercial bank in the credit line of Baht 510.00million

On 27 January 2016, the independent appraiser, First Star consultants Co., Ltd., appraises the value of land by applying the income comparison approach (based on the highest and best use principle) by using the rate of return on investment property and growth rate of income, and it appears that the fair value of land is equal to Baht 76.90 million.

IFRS No.13 "Fair Value Measurement" establishes a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value, as follows:

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



Information on the level of the fair value hierarchy within the fair value measurements as at 31 December 2016, is as follows:

(Unit : Baht)

Financial assets and liabilities	Fair value	Fair value hierarchy	Valuation techniques	Inputs used to measure fair value categorizes as Level 2 / Level 3 of the fair value hierarchy
Investment property	76.90	Level 3	Income approach	The rate of increase in rental income of 7-10% and a discount rate of 10-12%.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

### 13. Property, plant and equipment

Consisted of

	Consolidate					(Unit : Baht)
	Land and land improvement	Buildings and building improvement	Vehicles	Office equipment and fixture	Assets under construction	Total
<b>Cost :-</b>						
As at 1 January 2016	57,738,548.91	24,909,311.33	202,610,134.37	14,797,696.36	22,913,099.05	322,968,790.02
Purchases	-	987,570.00	-	2,663,776.68	-	3,651,346.68
Transfer in	5,380,274.72	16,792,760.28	-	719,229.00	-	22,892,264.00
Transfer out	-	-	-	-	(22,892,264.00)	(22,892,264.00)
Disposal	(121,473.93)	(928,056.09)	(5,851,490.00)	(2,839,309.15)	-	(9,740,329.17)
Write off	-	-	-	(625,633.45)	-	(625,633.45)
Transfer to investment property	(56,704,970.72)	(22,173,423.28)	-	-	-	(78,878,394.00)
Transfer to investment in joint ventures	-	-	(179,754,572.83)	-	-	(179,754,572.83)
Exchange differences on translation	-	-	-	75,476.52	(20,835.05)	54,641.47
As at 31 December 2016	6,292,378.98	19,588,162.24	17,004,071.54	14,791,235.96	-	57,675,848.72
<b>Accumulated depreciation :-</b>						
As at 1 January 2016	(266,402.02)	(10,984,615.69)	(51,795,684.61)	(9,016,563.37)	-	(72,063,265.69)
Depreciation charges for the year	(352,859.93)	(670,188.38)	(8,736,012.85)	(1,294,161.52)	-	(11,053,022.68)
Disposal	34,585.07	91,392.39	3,457,317.17	1,587,810.44	-	5,171,105.07
Write off	-	-	-	621,335.98	-	621,335.98
Transfer to investment in joint ventures	-	-	47,853,736.90	-	-	47,853,736.90
Exchange differences on translation	-	-	-	(114,149.72)	-	(114,149.72)
As at 31 December 2016	(584,476.88)	(11,563,411.68)	(9,220,643.39)	(8,215,728.19)	-	(29,584,260.14)
<b>Net book value :-</b>						
As at 31 December 2016	5,707,902.10	8,024,750.56	7,783,428.15	6,575,507.77	-	28,091,588.58

Depreciation for the year ended 31 December 2016

11,053,022.68

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

(Unit : Baht)

Consolidate

	Land and land improvement	Buildings and building improvement	Vehicles	Office equipment and fixture	Assets under construction	Total
<b>Cost :-</b>						
As at 1 January 2015	47,383,001.36	20,086,661.74	169,069,835.65	11,652,485.50	22,888,119.90	271,080,104.15
Purchases	10,788,696.00	4,520,663.00	38,592,149.56	3,798,409.35	795,177.25	58,495,085.16
Transfer in	-	795,177.25	-	-	-	795,177.25
Transfer out	-	-	-	-	(795,177.25)	(795,177.25)
Disposal	-	-	(5,051,850.84)	-	-	(5,051,850.84)
Write off	(433,148.45)	(493,190.66)	-	(667,346.53)	-	(1,593,685.64)
Exchange differences on translation	-	-	-	14,148.04	24,979.15	39,127.19
As at 31 December 2015	57,738,548.91	24,909,311.33	202,610,134.37	14,797,696.36	22,913,099.05	322,968,790.02
<b>Accumulated depreciation :-</b>						
As at 1 January 2015	(123,220.17)	(10,138,814.60)	(38,792,279.38)	(7,230,755.39)	-	(56,285,069.54)
Depreciation charges for the year	(299,750.08)	(933,263.58)	(16,464,930.57)	(2,441,609.91)	-	(20,139,554.14)
Disposal	-	-	3,461,525.34	-	-	3,461,525.34
Write off	156,568.23	87,462.49	-	667,168.52	-	911,199.24
Exchange differences on translation	-	-	-	(11,366.59)	-	(11,366.59)
As at 31 December 2015	(266,402.02)	(10,984,615.69)	(51,795,684.61)	(9,016,563.37)	-	(72,063,265.69)
<b>Net book value :-</b>						
As at 31 December 2015	57,472,146.89	13,924,695.64	150,814,449.76	5,781,132.99	22,913,099.05	250,905,524.33
Depreciation for the year ended 31 December 2015						20,139,554.14

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



	Separate financial statements					(Unit : Baht)
	Land and land improvement	Buildings and building improvement	Vehicles	Office equipment and fixture	Assets under construction	Total
<b>Cost :-</b>						
As at 1 January 2016	57,738,548.91	24,504,291.68	202,610,134.37	12,973,470.83	22,173,035.00	319,999,480.79
Purchases	-	-	-	1,174,983.32	-	1,174,983.32
Transfer in	5,380,274.72	16,792,760.28	-	-	-	22,173,035.00
Transfer out	-	-	-	-	(22,173,035.00)	(22,173,035.00)
Transfer to investment property	(56,704,970.72)	(22,173,423.28)	-	-	-	(78,878,394.00)
Transfer to investment in joint ventures	-	-	(179,754,572.83)	-	-	(179,754,572.83)
Disposal	(121,473.93)	(928,056.09)	(5,851,490.00)	(2,839,309.16)	-	(9,740,329.18)
Write off	-	-	-	(625,633.45)	-	(625,633.45)
As at 31 December 2016	6,292,378.98	18,195,572.59	17,004,071.54	10,683,511.54	-	52,175,534.65
<b>Accumulated depreciation :-</b>						
As at 1 January 2016	(266,402.02)	(10,978,167.84)	(51,795,684.61)	(8,552,771.71)	-	(71,593,026.18)
Depreciation charges for the year	(352,659.93)	(618,452.14)	(8,736,012.85)	(745,616.93)	-	(10,452,741.85)
Transfer to investment in joint ventures	-	-	47,853,736.89	-	-	47,853,736.89
Disposal	34,585.07	91,392.39	3,457,317.18	1,587,810.44	-	5,171,105.08
Write off	-	-	-	621,335.98	-	621,335.98
As at 31 December 2016	(584,476.88)	(11,505,227.59)	(9,220,643.39)	(7,089,242.22)	-	(28,399,590.08)
<b>Net book value :-</b>						
As at 31 December 2016	5,707,902.10	6,690,345.00	7,783,428.15	3,594,269.32	-	23,775,944.57
<b>Depreciation for the year ended 31 December 2016</b>						10,452,741.85

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## Separate financial statements

(Unit : Baht)

	Land and land improvement	Buildings and building improvement	Vehicles	Office equipment and fixture	Assets under construction	Total
<b>Cost :-</b>						
As at 1 January 2015	47,383,001.36	19,681,642.09	169,069,835.65	11,652,485.50	22,173,035.00	269,959,999.60
Purchases	10,788,696.00	4,520,663.00	38,592,149.56	1,988,331.86	795,177.25	56,685,017.67
Transfer in	-	795,177.25	-	-	-	795,177.25
Transfer out	-	-	-	-	(795,177.25)	(795,177.25)
Disposal	-	-	(5,051,850.84)	-	-	(5,051,850.84)
Write off	(433,148.45)	(493,190.66)	-	(667,346.53)	-	(1,593,685.64)
As at 31 December 2015	57,738,548.91	24,504,291.68	202,610,134.37	12,973,470.83	22,173,035.00	319,999,480.79
<b>Accumulated depreciation :-</b>						
As at 1 January 2015	(123,220.17)	(10,132,366.75)	(38,792,279.38)	(7,230,755.39)	-	(56,278,621.69)
Depreciation charges for the year	(299,750.08)	(933,263.58)	(16,464,930.57)	(1,989,184.84)	-	(19,687,129.07)
Disposal	-	-	3,461,525.34	-	-	3,461,525.34
Write off	156,568.23	87,462.49	-	667,168.52	-	911,199.24
As at 31 December 2015	(266,402.02)	(10,978,167.84)	(51,795,684.61)	(8,552,771.71)	-	(71,593,026.18)
<b>Net book value :-</b>						
As at 31 December 2015	57,472,146.89	13,526,123.84	150,814,449.76	4,420,699.12	22,173,035.00	248,406,454.61
Depreciation for the year ended 31 December 2015						19,687,129.07

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

As at 31 December 2016, the gross carrying amounts of certain property, plant and equipment items of the Group totaling Baht 4.86million were fully depreciated but these items are still in active use. (2015 : Baht 4.43 million).

As at 31 December 2016, the Group has mortgaged the land plus property with carrying amounts of Baht 83.27million (2015 : Baht 83.27 million) in order to guarantee against credit facility that the Group receives from several commercialbank in the credit line of Baht 510.00 million (2015 : Baht 420.00 million).

As at 31 December 2016, leased assets included above, where the Group are lessee under finance leases, comprise equipment and motor vehicle with net book value of Baht 0.24million (2015 : Baht 123.06 million).

#### Intangible assets

Consisted of

	(Unit : Baht)		
	Consolidate		
	Computer software		
	Computer software	during installation	Total
Cost :-			
As at 1 January 2016	3,763,112.18	2,930,756.00	6,693,868.18
Purchase	1,028,962.80	711,200.00	1,740,162.80
Disposal	-	(602,756.00)	(602,756.00)
Writeoff	-	(2,328,000.00)	(2,328,000.00)
Exchange differences on translation	(30,695.96)		(30,695.96)
As at 31 December 2016	4,761,379.02	711,200.00	5,472,579.02
Accumulated amortization :-			
As at 1 January 2016	(1,724,344.08)	-	(1,724,344.08)
Amortization charge for the year	(891,482.30)	-	(891,482.30)
Exchange differences on translation	10,329.11	-	10,329.11
As at 31 December 2016	(2,605,497.27)	-	(2,605,497.27)
Allowance for impairment:-			
As at 1 January 2016	-	-	-
Increase (decrease) during the year	(523,890.46)	-	(523,890.46)
Effect of exchange rate	19,396.71	-	19,396.71
As at 31 December 2016	(504,493.75)	-	(504,493.75)
Net book value :-			
As at 31 December 2016	1,651,388.00	711,200.00	2,362,588.00

Amortization charges for the year ended 31 December 2016

891,482.30

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



(Unit : Baht)

## Consolidate

## Computer software

	Computer software	during installation	Total
Cost :-			
As at 1 January 2015	2,417,438.00	2,328,000.00	4,745,438.00
Purchases	1,345,674.18	602,756.00	1,948,430.18
As at 31 December 2015	3,763,112.18	2,930,756.00	6,693,868.18
Accumulated amortization :-			
As at 1 January 2015	(1,215,879.28)	-	(1,215,879.28)
Amortization charge for the year	(504,538.05)	-	(504,538.05)
Exchange differences on translation	(3,926.75)	-	(3,926.75)
As at 31 December 2015	(1,724,344.08)	-	(1,724,344.08)
Net book value :-			
As at 31 December 2015	2,038,768.10	2,930,756.00	4,969,524.10

Amortization charges for the year ended 31 December 2015

504,538.05

(Unit : Baht)

## Separate financial statement

## Computer software

	Computer software	during installation	Total
Cost :-			
As at 1 January 2016	2,672,787.30	2,930,756.00	5,603,543.30
Disposal	-	(602,756.00)	(602,756.00)
Write off	-	(2,328,000.00)	(2,328,000.00)
As at 31 December 2016	2,672,787.30	-	2,672,787.30
Accumulated amortization :-			
As at 1 January 2016	(1,560,961.16)	-	(1,560,961.16)
Amortization charge for the year	(534,628.57)	-	(534,628.57)
As at 31 December 2016	(2,095,589.73)	-	(2,095,589.73)
Net book value :-			
As at 31 December 2016	577,197.57	-	577,197.57

Amortization charges for the year ended 31 December 2016

534,628.57

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

(Unit : Baht)

	Separate financial statement		
	Computer software	Computer software during installation	Total
Cost :-			
As at 1 January 2015	2,417,438.00	2,328,000.00	4,745,438.00
Purchases	255,349.30	602,756.00	858,105.30
As at 31 December 2015	2,672,787.30	2,930,756.00	5,603,543.30
Accumulated amortization :-			
As at 1 January 2015	(1,215,879.28)	-	(1,215,879.28)
Amortization charge for the year	(345,081.88)	-	(345,081.88)
As at 31 December 2015	(1,560,961.16)	-	(1,560,961.16)
Net book value :-			
As at 31 December 2015	1,111,826.14	2,930,756.00	4,042,582.14

Amortization charges for the year ended 31 December 2015 345,081.88

#### Deferred tax assets/liabilities

The movements of deferred tax assets and liabilities for the year ended 31 December 2016 and 2015 are as follow:-

(Unit : Baht)

	Consolidate						
	1 January 2015	Recognized in profit or loss	Recognized in comprehensive income	31 December 2015	Recognized in profit or loss	Recognized in comprehensive income	31 December 2016
Trade and other receivable	1,051,846.31	-	-	1,051,846.31	-	-	1,051,846.31
Property, plant and equipment	63,416.90	(73,697.20)	-	(10,280.30)	75,619.12	(1,921.92)	63,416.90
Obligation under finance lease	(5,385,118.74)	(1,576,841.65)	-	(6,961,960.39)	6,961,960.39	-	-
Employee benefits obligation	577,140.20	-	-	577,140.20	252,305.03	-	829,445.23
Deferred tax assets/liabilities	(3,692,715.33)	(1,650,538.85)	-	(5,343,254.18)	7,289,884.54	(1,921.92)	1,944,708.44

(Unit : Baht)

	Separate financial statements						
	1 January 2015	Recognized in profit or loss	Recognized in comprehensive income	31 December 2015	Recognized in profit or loss	Recognized in comprehensive income	31 December 2016
Trade and other receivable	1,051,846.31	-	-	1,051,846.31	-	-	1,051,846.31
Property, plant and equipment	63,416.90	-	-	63,416.90	-	-	63,416.90
Obligation under finance lease	(5,385,118.74)	(1,576,841.65)	-	(6,961,960.39)	6,961,960.39	-	-
Employee benefits obligation	577,140.20	-	-	577,140.20	252,305.03	-	829,445.23
Deferred tax assets/liabilities	(3,692,715.33)	(1,576,841.65)	-	(5,269,556.98)	7,214,265.42	-	1,944,708.44

.....Director

(Ms.Pomthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



The deferred tax asset is not recognized in the statement of financial position; consisted of :-

(Unit : Baht)

	Consolidate		Separate financial statements	
	2016	2015	2016	2015
Unused tax losses				
- Expire in next 1 year	-	-	-	-
- Expire in next 2 – 5 years	6,014,958.84	6,014,958.84	6,014,958.84	6,014,958.84
Temporary differences	6,085,489.12	4,954,930.30	12,635,569.12	11,505,010.30
Total	12,100,447.96	10,969,889.14	18,650,527.96	17,519,969.14

The Group offsets the deferred tax assets and the deferred tax liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidate		Separate financial statements	
	2016	2015	2016	2015
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	1,944,708.44	-	1,944,708.44	-
- Deferred tax liabilities	-	(5,343,254.18)	-	(5,269,556.98)
Total	1,944,708.44	(5,343,254.18)	1,944,708.44	(5,269,556.98)

The deferred tax assets and liabilities, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiary associates and joint ventures; consisted of:-

(Unit : Baht)

	Consolidate		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets are not recognized :				
- Associates	81,370.64	6,550,080.58	-	-
- Joint ventures	2,886,385.98	-	-	-
- Subsidiaries	1,847,768.82	393,686.42	-	-
Total	4,815,525.44	6,943,767.00	-	-

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

16. Bank overdraft and short – term loans from financial institutions

Consisted of :-

	(Unit : Baht)	
	Consolidate/Separate financial statements	
	2016	2015
Bank overdrafts	887,021.32	-
Short – term loans	204,874,534.27	189,829,967.12
Total	205,761,555.59	189,829,967.12

As at 31 December 2016 and 2015, the Group held bank overdraft and short – term loans facilities from several commercial banks in the amount of Baht 360.00 million carried interest rate of 2.58% - 6.30% per annum.

The credit facilities were secured by mortgaged the Group's land plus property and bank deposits.

17. Trade and other payables-third parties

Consisted of :-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Trade payables	59,347,703.38	73,543,432.31	45,112,979.19	72,387,733.54
Accrued expenses	10,257,883.85	12,411,281.04	8,171,050.92	11,954,151.13
Other payables	7,638,969.22	9,669,893.49	5,925,976.31	6,038,602.79
Accrued dividend	5,149.21	5,149.21	5,149.21	5,149.21
Total	77,249,705.66	95,629,756.05	59,215,155.63	90,385,636.67

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



18. Obligation under finance lease

Obligation under finance lease - minimum lease payments

(Unit : Baht)

Consolidated/Separate financial statements

As at 31 December 2016

	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>
Not later than 1 year	8,028.00	(562.54)	7,465.46
Later than 1 year but not later than 5 years	-	-	-
Total	8,028.00	(562.54)	7,465.46

(Unit : Baht)

Consolidated

/Separate financial statements

As at 31 December 2015

	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>
Not later than 1 year	27,619,871.07	(2,781,695.54)	24,838,175.53
Later than 1 year but not later than 5 years	35,501,257.91	(2,640,306.80)	32,860,951.11
Total	63,121,128.98	(5,422,002.34)	57,699,126.64

As at 31 December 2016, the Group performs the contract of long term financial leased with several leasing companies so as to lease equipment and vehicle by number of 1 contracts (31 December 2015 : number 83 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 8,028.00 per month (31 December 2015 : Baht 5,887.85 per month to Baht 443,345.80 per month). The leased period is carried 5 years (31 December 2015 : 3 years to 5 years). Such leased contract comprises the Group's directors as guarantors. In addition, ownership of such vehicle and equipment will transfer to ownership of the Group when the Group pays the final installment in accordance with the leased contract.

The Group amortised the interest according to the financial leased contract for the year ended 31 December 2016 and 2015 in the amount of Baht 1.94 million and Baht 4.08 million which was recorded as "Finance cost" in the statement of comprehensive income, respectively.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)



## 19. Long-term loans due to financial institution

Consisted of:-

	(Unit : Baht)	
	Consolidated/Separate financial statements	
	2016	2015
Long-term loan	23,600,000.00	-
<u>Less</u> Current portion	(9,600,000.00)	-
Net	14,000,000.00	-

As at 31 December 2016, the Group held long-term loan facility from a financial institutions in the amount of Baht 30.00 million, carried interest rate of 4.15% per annum. The repayment of the principal at the minimum amount of Baht 800,000.00 per month. As at 31 December 2016, such loan remained in the amount of Baht 23.60million.

Such credit facility was secured by mortgaged the Group's land plus property.

Long-term loans from financial institutions – minimum payments:

	(Unit : Baht)	
	Consolidated/Separate financial statements	
	2016	2015
Within 1 years	9,600,000.00	-
Within 2 year – 5 years	14,000,000.00	-
Total	23,600,000.00	-

## 20. Employee benefit obligation

Changes in the present value of the employee benefit obligation in case of retirement or termination of employment under the labor law for the years ended 31 December 2016 and 2015 are as follows :

	(Unit : Baht)	
	Consolidate/Separate financial statements	
	2016	2015
As at 1 January	3,928,667.00	2,885,701.00
Current service cost	1,147,368.67	951,210.00
Interest cost	114,156.43	91,756.00
As at 31 December	5,190,192.10	3,928,667.00

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

Principal actuarial assumptions as at 31 December 2016 and 2015 are as follows :

	Consolidate/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Discount rate at end of year	3.18%	3.18%
Future salary growth	5%	5%
Proportion of employees opting for early retirement	20%	20%

Changes in the actuarial assumption will affect to the employee benefit obligation as at 31 December 2016 and 2015 as follows :

	(Unit : Baht)	
	Consolidated/Separate financial statement	
	Employee benefit obligation Increase (decrease)	
	<u>2016</u>	<u>2015</u>
If the discount rate increase 0.5%	(268,059.00)	(215,582.00)
If the discount rate decrease 0.5%	286,293.00	231,088.00
If the future salary growth increase 0.5%	331,462.00	244,959.00
If the future salary growth decrease 0.5%	(311,105.00)	(230,045.00)

Information about the maturity of the employee benefit obligation are as follows :

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Amount of the obligation expected to be paid		
- Not later than 1 year	-	140,009.00

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit of the Company is 19 years (2015 : 20 years).

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## 21. Share capital

The movements of share capital for the year ended 31 December 2016 and 2015 are as follow:

	Number of shares (Unit : share)	Ordinaryshares (Unit : Baht)
Share capital(Baht 0.25 per share)		
As at 1 January 2015	420,000,000	105,000,000.00
Issue of share during theyear	140,000,000	35,000,000.00
As at 31 December 2015	560,000,000	140,000,000.00
Issue of share during theyear	-	-
As at 31 December 2016	560,000,000	140,000,000.00

	Number of shares (Unit : share)	Ordinaryshares (Unit : Baht)	Premium on ordinary shares (Unit : Baht)	Total (Unit : Baht)
Paid – up capital (Baht 0.25 per share)				
As at 1 January 2015	420,000,000	105,000,000.00	190,923,427.26	295,923,427.26
Issue of share during theyear	-	-	-	-
As at 31 December 2015	420,000,000	105,000,000.00	190,923,427.26	295,923,427.26
Premium on share capital transferred to offset deficit	-	-	(62,990,223.27)	(62,990,223.27)
As at 31 December 2016	420,000,000	105,000,000.00	127,933,203.99	232,933,203.99

In accordance with the resolution of the Extraordinary General Meeting of Shareholders no.1/2015 on 15 December 2015, it resolves as follows :

- Approval on the issuance and allocation of 1 series of the warrants to purchase the newly issued ordinary shares of the Company (NCL-W1) in the number of up to 140,000,000 units, to be allocated to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering), at no cost, at the allocation ratio of every 3 existing shares for 1 unit of NCL-W1 Warrants. The term of NCL-W1 Warrants will be 2 years from the issuance date and the exercise price will be at Baht 4.00 per share.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



- Approval on the increase Baht 35,000,000.00 of the registered capital of the Company from Baht 105,000,000.00 to Baht 140,000,000.00 by issuing 140,000,000 shares, at the par value of Baht 0.25 per share to accommodate the exercise of NCL-W1 Warrants.

- Approval on the allocation of 140,000,000 newly issued ordinary shares at the par value of Baht 0.25 per share, to accommodate the exercise of NCL-W1 Warrants.

The Company had registered the capital with the Department of Business Development, Ministry of Commerce, effective on 23 December 2015 for increment of capital.

#### Warrant (NCL-W1)

On 20 January 2016, the Company disposed warrants of 139,997,497 units (NCL-W1) at Baht nil per unit so as to purchase ordinary shares offered to the former shareholders at the ratio of 1 warrant to 3 ordinary shares. The above warrants (NCL-W1) offered to purchase to ordinary shares comprise the detail by summation as follows :-

- It is the kind of specifying the names of holders and the holders can be changed.
- The warrants as registered securities in the Securities Exchange of Thailand.
- The age of warrant is 2 years.
- The date the warrants are issued on 20 January 2016.
- The warrants can be exercise on the last business day of every June and December. The first exercise date is on the last business day of 30 June 2016 and the last exercise date will be on the date closure of the 2nd anniversary from the issuance date.
- The rate of warrants right exercise is one unit over one ordinary share. (par value is Baht 0.25 per share)
- The exercised price is Baht 4.00 per share.

As at 31 December 2016, the remaining warrants (NCL-W1) not yet exercised is 139,997,497 units.

During 2016, the Company transferred premium on share capital in amount of Baht 62.99 million and legal reserve in amount of Baht 10.50 million to offset the Company's accumulated deficit in amount of Baht 73.49 million which were approved by the annual general meeting of shareholders for the year 2016 on the 28 April 2016.

.....Director

(Ms.Pornthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

## The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

## 22. Legal reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535 (or 1992), the Company is required to set aside to a statutory reserve at least 5 percent of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2016, the Company has appropriated net income in amount of Baht 10.50 million to the legal reserve.

## 23. Income tax expenses (income)

The income tax expenses (income) recognised in profit or loss for the year ended 31 December 2016 and 2015 are as follow :-

	Consolidated		Separate financial statement	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current tax expense	5,114,779.24	-	5,114,779.24	-
Deferred tax expense relating to the origination and reversal of temporary differences	(7,289,884.54)	1,650,538.85	(7,214,265.42)	1,576,841.65
Total income tax expense (income) recognized in profit or loss	(2,175,105.30)	1,650,538.85	(2,099,486.18)	1,576,841.65

(Unit : Baht)

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



The relationship between tax expense and accounting profit for the year ended 31 December 2016 and 2015 are as follow :-

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Accounting profit (loss)	(17,699,199.29)	(78,954,044.10)	14,654,075.36	(81,007,454.99)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(3,539,839.86)	(15,790,808.82)	2,930,815.07	(16,201,491.00)
Share of loss from investment in associate and joint venture	2,967,756.62	6,532,220.96	-	-
Different for tax rate of the subsidiary companies	(5,316.52)	(58,923.47)	-	-
Previous temporary difference not recognized as a deferred tax assets	(10,249,050.00)	-	(10,249,050.00)	-
Profit is exempt from taxation	-	(186,009.83)	-	-
Expenses that are undeductible in determining taxation profit	774,758.88	978,803.65	815,602.26	746,305.03
Expenses that are deductible in determining taxation profit	(253,970.07)	(354,634.57)	(56,348.37)	(47,943.31)
Gain on disposal of assets	9,558,896.01	-	9,558,896.01	-
Tax loss carryforward not recognized as a deferred tax asset	(6,229,959.97)	-	(6,229,959.97)	-
Temporary difference not recognized as a deferred tax asset	1,262,440.68	4,518,180.68	1,130,558.82	11,068,260.68
Loss from operation	3,539,178.93	6,011,710.25	-	6,011,710.25
Income tax expense (income)	(2,175,105.30)	1,650,538.85	(2,099,486.18)	1,576,841.65

Tax rate	2559	2558
- Subsidiary	20%	20%
- Subsidiaries in aboard	17%	17%

#### 24. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or loss for the year attributable to shareholders (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by the sum of the weighted average number of ordinary shares in issue during the period and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. By supposition that if taking money received from right exercise from such warrants to purchase ordinary shares back in the market price of diluted equivalent ordinary shares; for example, warrants to purchase ordinary shares in the case that prices according to the rights of warrants constitute value lower than market price.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



As at 31 December 2016, the Company did not include ordinary shares derived from warrants to purchase ordinary shares as diluted equivalent ordinary shares in the computation of diluted earnings per share since exercised price obtains the value higher than market price of ordinary shares.

## 25. Dividend payment

In accordance with Meeting of Shareholders 1/2015 held on 28 April 2015, the meeting has approved to pay the dividend from the Company's operation results of the year 2014 to shareholders at the rate of Baht 0.023809 per share for the total amount of Baht 10.00 million. The Company paid such dividend in May 2015.

## 26. Supplemental disclosures of cash flow information

### 26.1 Cash and cash equivalents consisted of

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Cash	149,098.31	845,787.02	140,000.00	845,000.00
Cash deposits-Saving accounts	66,247,810.47	43,687,895.44	64,859,722.45	17,300,320.71
Cash deposits-Current accounts	32,289,017.90	24,022,293.26	6,602,855.49	24,022,293.26
Total	98,685,926.68	68,555,975.72	71,602,577.94	42,167,613.97

### 26.2 Non - cash items

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Transfer loans due from related company to be as investments				
in subsidiary	-	-	8,942,185.22	-
Amortization of gain on sale and leaseback	-	114,444.44	-	114,444.44
Purchases of equipment but not yet paid	14,284.50	-	14,284.50	-
Disposal of intangible asset but not yet received	602,756.00	-	602,756.00	-
Purchase of assets under lease agreement	-	34,053,739.00	-	34,053,739.00
Transfer property and equipment to be investment property	78,456,794.60	-	78,456,794.60	-
Transfer equipment to be investment in joint venture	120,944,939.55	-	120,944,939.55	-
Transfer obligation under finance leases to be investment in joint venture	26,434,006.65	-	26,434,006.65	-
Transfer legal reserve to offset accumulated deficit	10,500,000.00	-	10,500,000.00	-
Transfer share premium to offset accumulated deficit	62,990,223.27	-	62,990,223.27	-

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

27. Employee benefit27.1 Provident fund

For the year ended 31 December 2016, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 2.45 million (2015 : Baht 2.37 million and Baht 2.37 million in consolidated and separate financial statement).

27.2 Retirement or termination under the labor law employee benefit

For the year ended 31 December 2016 and 2015, the Group recognises the employee benefit expense in case of retirement or termination under the labor law employee benefit, as follows :-

	(Unit : Baht)	
	Consolidate/Separate financial statement	
	<u>2016</u>	<u>2015</u>
Amounts recognized in profit or loss		
Current service cost	1,147,368.67	951,210.00
Interest cost	114,156.43	91,756.00
Total	<u>1,261,525.10</u>	<u>1,042,966.00</u>

An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended 31 December 2016 and 2015 is inclusively presented in the line items, as follows :-

	(Unit : Baht)	
	Consolidate/Separate financial statement	
	<u>2016</u>	<u>2015</u>
Cost of services	216,564.00	106,209.00
Administrative expenses	393,874.10	369,083.00
Management benefit expenses	651,087.00	567,674.00
Total	<u>1,261,525.10</u>	<u>1,042,966.00</u>

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



## 28. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended 31 December 2016 and 2015 are as follow :-

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	2016	2015	2016	2015
Employee benefit expenses	74,312,119.12	120,853,555.13	59,993,164.88	115,413,415.33
Management benefit expenses	21,486,792.68	24,238,084.21	20,975,694.92	24,238,084.21
Depreciation	12,731,723.59	20,139,554.14	12,131,442.76	19,687,129.07
Amortisation	891,482.30	504,538.05	534,628.57	345,081.88
Ocean and air freight expenses	704,501,481.43	649,797,857.87	570,535,856.39	622,022,716.97
Custom clearance expenses	13,033,325.15	31,469,924.70	5,729,924.67	31,398,845.97
Refund freight	50,957,180.75	59,469,181.21	48,586,343.31	57,406,688.64
Transportation expenses	58,822,679.85	93,458,262.75	56,680,149.95	93,454,193.84
Truck Expenses	17,150,892.28	62,855,690.25	17,150,892.28	62,855,690.25
Ocean service expenses	13,252,475.16	6,121,298.90	4,722,757.46	6,121,298.90
Loss from impairment of investment in associate	-	32,750,400.00	-	32,750,400.00
Loss on written off deposit	-	18,494,850.00	-	18,494,850.00
Loss on written off intangible assets	2,328,000.00	-	2,328,000.00	-
Doubtful debt	5,652,794.12	4,704,648.64	5,652,794.12	4,704,648.64
Rental and service fees	21,476,448.98	22,573,842.34	16,693,956.17	21,962,258.11
Advertising expenses	1,724,969.22	1,836,912.05	1,657,734.22	1,691,628.79
Travel expenses	5,354,951.89	9,422,014.10	4,777,474.98	9,372,852.45
Entertainment expenses	6,304,449.45	4,293,466.81	5,896,171.67	4,130,962.98

.....Director  
(Ms.Pomthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



29. Credit line of financial institutions

(Unit : Million Baht)

	Consolidated/Separate financial statements					
	2016			2015		
	Total	Utilized	Available	Total	Utilized	Available
Credit line of letters of guarantee	2.73	(1.23)	1.50	3.03	(1.53)	1.50
Credit line of bank overdraft	60.00	(0.89)	59.11	60.00	-	60.00
Credit line of short-term loans	300.00	(205.00)	95.00	300.00	(189.83)	110.17
Credit line of long-term loans	30.00	(23.60)	6.40	30.00	-	30.00
	392.73	(230.72)	162.01	393.03	(191.36)	201.67

(Unit : Million USD)

	Consolidated/Separate financial statements					
	2016			2015		
	Total	Utilized	Available	Total	Utilized	Available
Credit line of forward contracts	3.50	-	3.50	3.50	-	3.50

The Group pledged the land plus property, as mentioned in the notes to financial statements No. 12 and 13, and bank deposit, as collaterals against the said credit facilities.

30. Operating segments

The Group identifies the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and discloses the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group discloses the operating segments based on type of service. Its operating segment consists of three segments, land transportation, freight forwarding, and non – vessel operating common carrier ("NVOCC").

The Group measures the profit or loss for each segment from the gross margin excluding the items of other income, interest revenue, gain on exchange rate, other central expenses, finance cost and share of profit or loss in associates and joint ventures.

.....Director

(Ms.Pomthip Sae-lim)

.....Director

(Ms.Netirad Sang-ngam)

The principal activities of the Group consisted of land transportation, freight forwarding, and non – vessel operating common carrier (“NVOCC”). The detail of operation segment for the year ended 31 December 2016 and 2015 are as follows:

	Consolidate				(Unit : Million Baht)			
	Land transportation		Freight forwarder		Non – vessel operating common carrier		Total	
	2016	2015	2016	2015	2016	2015		
Services income	72.59	109.73	709.57	736.35	203.45	228.54	985.61	1,074.62
Gross margin	8.54	11.64	110.28	92.29	36.90	51.53	155.72	155.46
Other income							25.62	6.41
Selling expenses							(46.51)	(49.40)
Administrative expenses							(128.39)	(149.71)
Finance cost							(9.30)	(9.05)
Share of loss from investment in associate and joint venture							(14.84)	(32.66)
Loss before income tax							(17.70)	(78.95)

The reconciliations of each segment total assets to the Company’s assets and other material items.

	Consolidate				(Unit : Million Baht)			
	Land transportation		Freight forwarder		Non – vessel operating common carrier (NVOCC)		Total	
	2016	2015	2016	2015	2016	2015		
Depreciation	7.89	15.18	-	0.47	-	4.84	12.73	20.15
Amortisation	-	-	-	-	-	0.89	0.89	0.50

In 2016, the Group has not earned with a major customer (2015 : the Group has the service income with 1 major customer earned by freight forwarder segment in the amount of Baht 154.49 million).

.....Director  
(Ms.Pomthip Sae-Ilm)

.....Director  
(Ms.Netirad Sang-ngam)



The principle financial risks faced by the Group are interest rate risk, foreign exchange rate risk and credit risk. However, the Group did not speculate in or engage in trading of any derivative financial instruments.

### 31.1 Interest rate risk

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, credit facilities owing to the commercial bank, short – term loan from related parties and obligation under financial leases. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Amount (Unit : Baht)		Interest rate (% : per annum)	
	Consolidate			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash deposits-Saving accounts	66,247,810.47	43,687,895.44	0.50%	0.50%
Fixed deposit pledged as collateral	54,695,648.99	74,747,131.29	0.50% - 2.50%	0.50% - 2.50%
Bank overdrafts	887,021.32	-	2.87% - 6.30%	-
Short – term loans from financial institutions	204,874,534.27	189,829,967.12	3.10% - 3.39%	3.10% - 3.39%
Obligation under financial leases	7,465.46	57,699,126.64	2.99% - 5.00%	2.99% - 5.00%
Long – term loans from financial institutions	23,600,000.00	-	4.15%	-

	Amount (Unit : Baht)		Interest rate (%) : per annum	
	Separate financial statements			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash deposits-Saving accounts	64,859,722.45	17,300,320.71	0.125% - 0.375%	0.50%
Fixed deposit pledged as collateral	54,695,648.99	74,747,131.29	0.875% - 1.600%	0.50% - 2.50%
Bank overdrafts	887,021.32	-	7.675% - 7.700%	-
Short – term loans from financial institutions	204,874,534.27	189,829,967.12	2.580% - 3.380%	3.10%-3.39%
Obligation under financial leases	7,465.46	57,699,126.64	4.730% - 6.000%	2.99% - 5.00%
Long – term loans from financial institutions	23,600,000.00	-	4.15%	-

.....Director  
(Ms.Pomthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



### 31.2 Exchange rate risk

The Group constitutes material risk from exchange rates in overseas currencies which has been trade accounts receivable and payable those are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at 31 December 2016 and 2015, the Group has foreign currency assets and liabilities are as follows:-

Consolidate				
<u>Foreign currency</u>	<u>2016</u>		<u>2015</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	2,499,236.35	739,581.93	1,223,709.40	746,407.63
GBP	4,012.00	10,471.98	4,597.84	4,447.32
EUR	-	7,150.36	-	19,478.60
SGD	-	2,440.35	-	8,696.55
MYR	-	-	-	37,397.60
NZD	-	-	-	184.70

Separate financial statements				
<u>Foreign currency</u>	<u>2016</u>		<u>2015</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	2,105,612.25	517,079.90	1,153,856.20	721,997.01
GBP	4,012.00	10,214.11	4,597.84	4,447.32
EUR	-	2,349.03	-	1,327.69
MYR	-	-	-	36,447.60
SGD	14,000.00	2,440.35	-	8,696.55

### 31.3 Credit risk

Credit risk is the risk that counterparties is unable or unwilling to meet a commitment that they have entered into with the Group. This risk is controlled by analyzing the financial position of its counterparty and limited to credit approval. The maximum exposure to credit risk is the carrying amount of those assets net of allowance for doubtful debts, as shown in the statement of financial position. In addition, the Group has no significant concentration of credit risk.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

The carrying amounts of cash and cash equivalent, trade and other receivable, trade and other payable, bank overdraft and short-term loan from financial institutions close to their fair value due to these financial assets and liabilities are short term. Obligations under finance lease and long-term loans carry interest at rate close to current market rate so that the carrying value of such obligations under finance lease and long-term loan close to their fair value.

## 32. Financial instruments

TFRS No.13 "Fair Value Measurement (revised 2015)" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The TFRS requires the Group shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permits fair value measurement or disclosure about fair value.

The TFRS establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value, as follows

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on certain assets and liabilities of the Company which are not measured at fair value in the statement of financial position as at 31 December 2016 and 2015 are described in notes to financial statement no.12 and no.31.4.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



### Obligation and contingent liabilities

- 33.1 As at 31 December 2016, the Group has performed the lease and service agreement with many third parties while there are the period 1 – 5 years with option to renew. The Company has obligation to repay lease and service fee in amount of Baht 586,185.37 per month (2015 : Baht 655,185.37 per month).
- 33.2 As at 31 December 2016 and 2015 the Group has commitments under letter of guarantee issued on behalf of domestic banks in amount of Baht 1.23 million (2015 : Baht 1.53 million).

### Events after the reporting period

The Board of Directors' Meeting no. 1/2017 with held on 24 February 2017, has the following resolutions

- Approval on the issuance and allocation of 2 series of the warrants to purchase the newly issued ordinary shares of the Company (NCL-W2) in the number of up to 64,650,000 units, to be allocated to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering), at no cost, at the allocation ratio of every 6.5 existing shares for 1 unit of NCL-W2 Warrants. The term of NCL-W1 Warrants will be 1 years from the issuance date and the exercise price will be at Baht 1.50 per share.
- Approval on the increase Baht 64,650,000.00 of the registered capital of the Company from Baht 140,000,000.00 to Baht 156,162,500.00 by issuing 64,650,000 shares, at the par value of Baht 0.25 per share to accommodate the exercise of NCL-W2 Warrants.
- Approval on the allocation of 64,650,000 newly issued ordinary shares at the par value of Baht 0.25 per share, to accommodate the exercise of NCL-W2 Warrants.

### Litigation

The Company has been sued in the Central Intellectual Property and International Trade Court by the Company on non-performance for the international freight forwarding agreement. The amount of dispute is Baht 121,289.00. On 3 May 2016, the case has been finalized and the co-defendant, East-West Logistics Public Company Limited, has offered conciliation for the amount of dispute.

The Company and its driver have been sued by the prosecutor in Nonthaburi Municipal Court for vehicle carrying over the legal weight limit. On 8 December 2015, the Civil Court has ordered to confiscate the said vehicles. (Net book value is equivalent to Baht 953,074.95.) On 6 June 2016, the Appeal Court has affirmed the Civil Court's ruling. At present, the Company is filing to appeal a court judgment.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)



36. Reclassification of accounting transactions

Some transactions in consolidate and separate statement of comprehensive income for the year ended 31 December 2015 are newly reclassified so as to comply with reflection in consolidate and separate statement comprehensive income for the year ended 31 December 2016 which can be summarized as follows:

		(Unit : Baht)	
		For the year ended on 31 December 2016	
<u>Transactions which formerly presented</u>	<u>Reclassified</u>	<u>Consolidated statements of comprehensive income</u>	<u>Separate statements of comprehensive income</u>
Administrative expenses	Selling expenses	8,507,573.46	8,507,573.46

37. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's board of directors on 24 February 2017.

.....Director  
(Ms.Pornthip Sae-lim)

.....Director  
(Ms.Netirad Sang-ngam)

# General Information and Reference Persons

## General Information

### Company Information

Company	:	NCL International Logistics Public Company Limited
Symbol	:	NCL
Registered No.	:	0107556000434
Type of Business	:	Logistics Solution Provider
Registered Capital	:	140,000,000 Baht
Paid-up Capital	:	105,000,000 Baht
No. of common stock	:	420,000,000 Shares
Par Value	:	0.25 Baht per share
Head Office	:	56/9-10 Soi Som det Phra Chao Tak Sin 12/1, Som det Phra Chao Tak Sin Road, Bukkalo, Thonburi Bangkok 10600
Telephone	:	02-4737300
Facsimile	:	02-4737374
Website	:	<a href="http://www.nclthailand.com">www.nclthailand.com</a>
Company Secretary	:	Telephone : 02-4737330 Ext. 307
Email	:	<a href="mailto:rachanee.l@nclthailand.com">rachanee.l@nclthailand.com</a>
Investor Relationship	:	Telephone : 02-4737300 Ext. 300
Email	:	<a href="mailto:rungarun.b@nclthailand.com">rungarun.b@nclthailand.com</a>

## Detail of the entity which the company holds 10 Percent and more

Company's name	Type of Business	Registered Capital	Paid-up Capital	% of Holding
<b>Subsidiary</b>				
NCL INTER LOGISTICS (S) PTE. LTD. 140 PAYA LEBAR ROAD #10-08 AZ @ PAYA LEBAR SINGAPORE (409015)	Logistics Service Provider	700,000 SGD	700,000 SGD	100
LEGEND SHIPPING (THAILAND) CO., LTD. 56/15 Som det Phra Chao Tak Sin Road, Bukkaloo, Thonburi Bangkok 10600	provide international freight forwarding	10 million THB	10 million THB	60
LEGACY ASIA CAPITAL PTE. LTD. 31 UPPER CROSS STREET #04-59 HONG LIM COMPLEX SINGAPORE (050531)	the container leasing business	200,000 SGD	200,000 SGD	70
<b>Joint Venture</b>				
SSK INTER LOGISTICS CO., LTD. 56/15 Som det Phra Chao Tak Sin Road, Bukkaloo, Thonburi Bangkok 10600	operate domestic transport service in the Thailand	290 million THB	290 million THB	43.84
<b>Other joint venture</b>				
GRACE WATER MED CO., LTD. 13/7 Moo.8 Bangmuang – Bangkulad Road, Bangmuang, Bangyai, Nonthaburi	manufactures and distributes dialysis related equipment	18 million THB	18 million THB	44.44

## Reference

## Ordinary Share Registrar

Thailand Securities Depository Co., Ltd.  
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400  
Telephone : 02-0099000  
Facsimile : 02-0099991

## Auditor

SP Audit Co., Ltd.  
503/31 18(A) Floor, KSL Tower, Si Ayutthaya Road, Ratchathewi, Bangkok 10400  
Telephone : 02-6426172-4  
Facsimile : 02-6426253

## Legal Advisor

Thanasap Law Office Company Limited  
143/2 Soi Wat Suwankiri, Boromratchonnane Road, Arun Amarin, Bangkoknoi, Bangkok 10700  
Telephone : 02-4343132  
Facsimile : 02-4343133



บริษัท เอ็นซีแอล อินเตอร์เนชั่นแนล โลจิสติกส์ จำกัด (มหาชน)  
NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED  
56/9-10 ซ.สมเด็จพระเจ้าตากสิน 12/1 แขวงบुकคโล เขตธนบุรี กรุงเทพฯ 10600  
56/9-10 Soi Somdejprachaotaksin 12/1 Khwang Bukkhalo Khet Thon Buri Bangkok 10600