



บริษัท เอ็นซีแอล อินเตอร์เนชั่นแนล โลจิสติกส์ จำกัด (มหาชน)

NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED

No. NCL-M 21/61

November 8, 2018

Subject: The clarification and analysis of the management of NCL International Logistics Public Company Limited and its subsidiaries (the "Company") on the Company's financial statements for the 9 months ended September 30, 2018 that changed more than 20 percent.

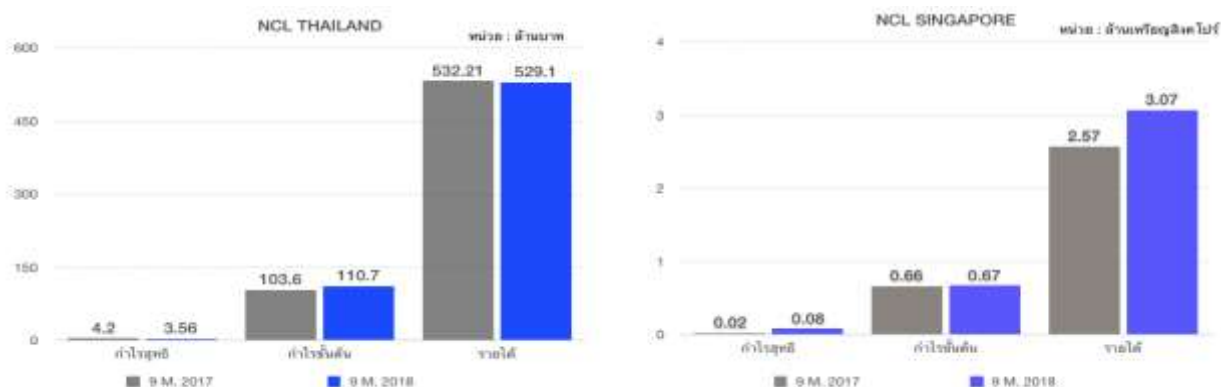
To : President,
The Stock Exchange of Thailand

NCL International Logistics Public Company Limited and its subsidiaries (the "Company") would like to clarify the description and analysis of the management. Based on the Company's financial statements for the 9 months ended September 30, 2018

The Company had a net profit of 2.98 million Baht or 0.34 percent of revenues from services, which increased from the same period of the previous year that had reported a net loss of 6.43 million baht or increased of 146.37 percent.

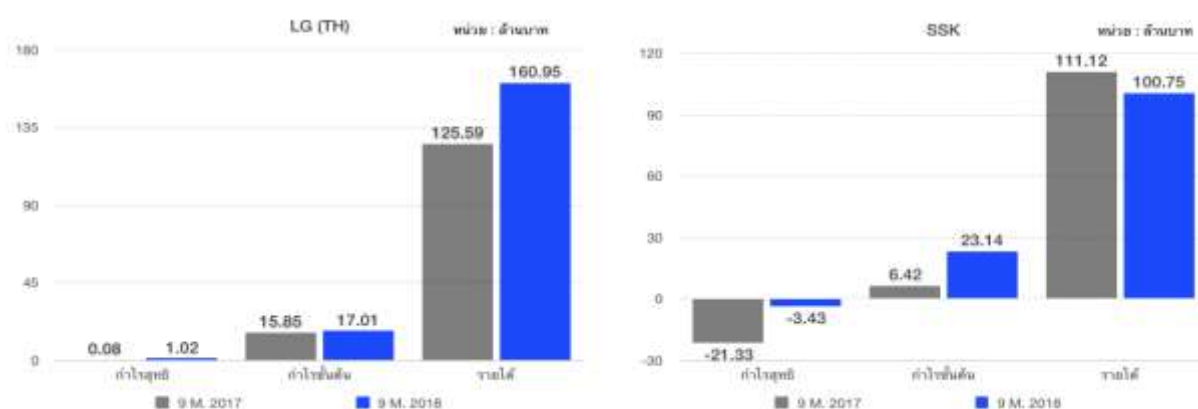
During the month of August 2017 SSK Inter Logistics Co., Ltd., an associate of the Company had reduced the registered capital by decreasing the registered capital of the other joint venture. As a result, the joint venture agreement is terminated and the company is a major shareholder. This accounted 75.35 % in the third quarter of 2017. The company has not received a written valuation by an independent evaluation. So it is not yet recorded profit from changes to the investment proportion. The company received such a valuation in December 2017. Therefore, profit and loss statements for the third quarter, the year 2017 that was compared must be adjusted that the company already knows a fair price from the date of the change, the proportion of investment. By recognized profit on changes in the proportion of investment in the period of 9 months in year 2017 amount 6.84 million baht. As a result, the company had net profit for the period of 9 months in 2017 amount of 0.16 million baht. In comparison with the 9 months in year 2018 that had profit 2.98 million baht which increased from the previous year or 1,762.50%

When comparing the financial statements for the 9 months period of the Company's income and operating results are as follows.



NCL International Logistics Public Company Limited had income for the 9 months period decreased from the previous 0.59 %, but the gross profit increased from the previous year 6.85 %. due to the company tried to control costs and adjust marketing strategies to increase gross profit and a net profit decreased from the previous 0.63 million baht due to the year 2017, the Company had investments in many foreign countries as a result the cost of travel and consulting fees were increased.

NCL INTER LOGISTICS (S) PTE LTD ("NCL SINGAPORE") income and gross profit for the 9 months period increased from the previous year and the net profit increased by 300 % since this year received some refund of the deposit that ever set as the losses in the previous year.

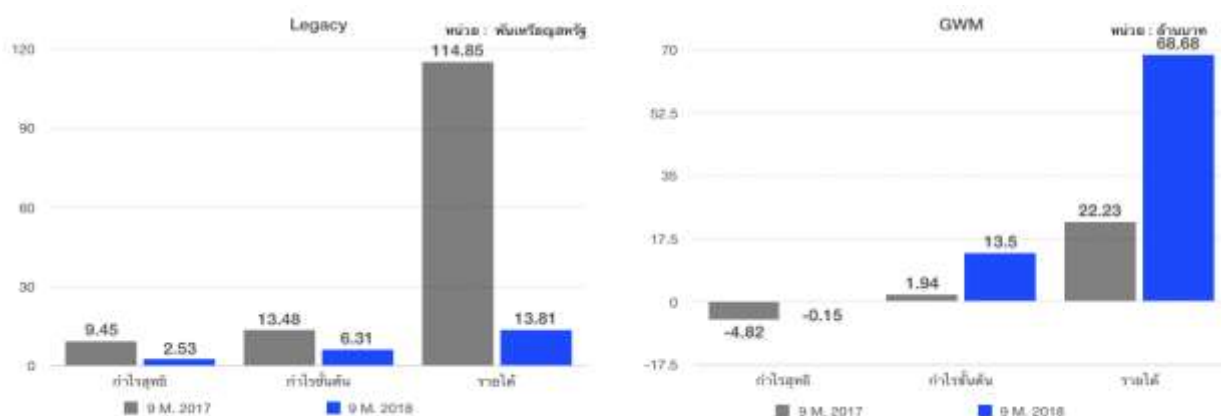


LG Container Lines Co., Ltd., formerly known as Legend Logistics (Thailand) Co., Ltd. ("LG (TH)") which the Company holds the company's share for the proportion of 60%. The company had income from service and gross profit increased from last year by 35.36 million baht and 1.16 million baht respectively. The net income increased from the previous year 0.94 million baht due to the restructuring, the management and marketing strategy, making adjustments to perform better, respectively.

SSK International Logistics Co., Ltd. ("SSK"), formerly the company held 43.84 %. In August 2017, the SSK reduced the registered capital as mentioned above. As a result, the company holds 75.35 % of the company. As a major shareholder, the company changed strategy in the business of SSK made SSK earnings improved significantly in the 9 months period of 2017. The gross profit increased 16.72 million baht or 260.44% and net income increased

17.90 million baht from the last period, the management realized that the restructuring strategy and complete SSK will perform better.

In the consolidated financial statements, the company had profit which was changed from the proportion of investments by Purchase Price Allocation, PPA by independent appraiser from changes in shareholder structure SSK number of 6.84 billion baht.

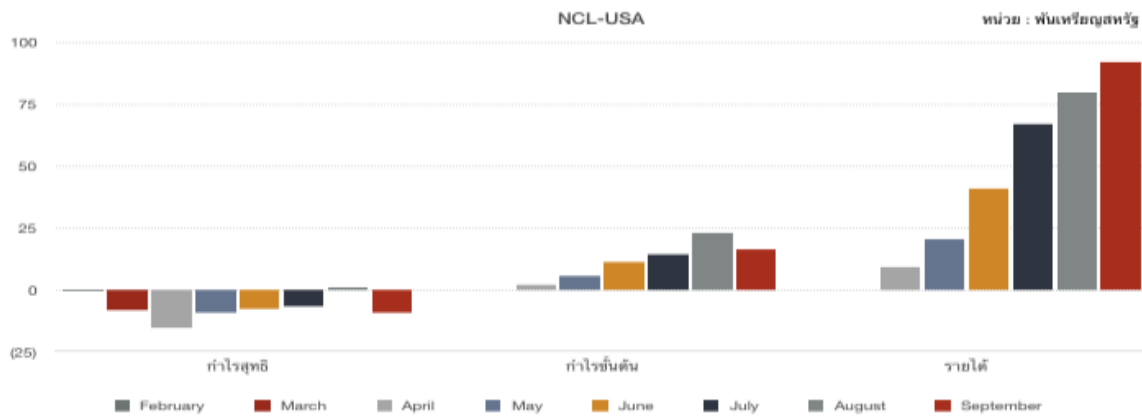
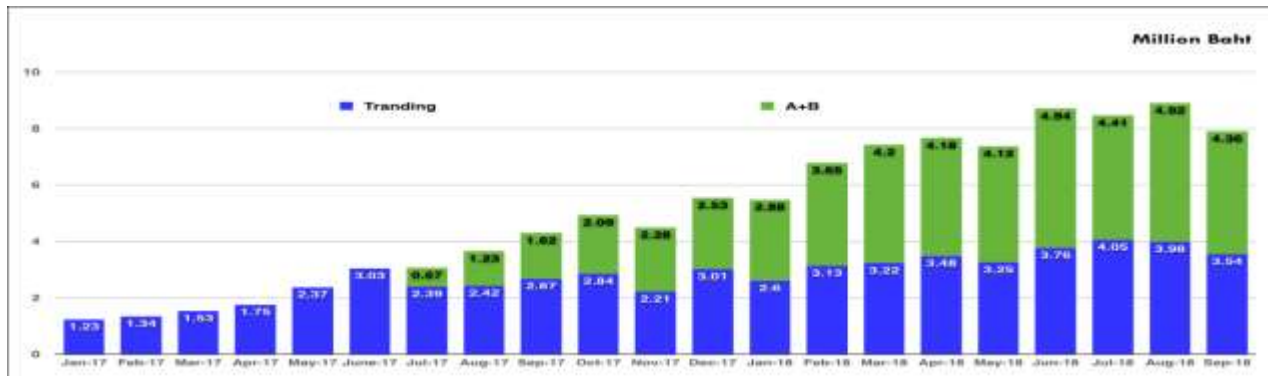


Legacy Asia Capital Pte. Ltd. (“Legacy”), a company in container leasing service, had previously held 70% of its share. Later in July 2018, the company sold all its investment in Legacy Asia Capital Pte. Ltd. at original price due to incident that the Buss Capital Fund Singapore, the main provider of the company’s working capital, had become bankrupt. The number of shares sold is 140,000 units, priced at 1 Singapore Dollar per share, total value of 140,000 Singapore Dollar and are sold to Legend Shipping PTE. Ltd., a related company in Singapore, resulting in Legacy Asia Capital Pte. Ltd. no longer being a subsidiary of the company. This decision was made because it continued to return deficit performance and letting it go would help the company to be released from the cost burden, and future deficit. On this note, we detailed the profit from this transaction at 0.13 Million Baht which is included in the overall financial statement.

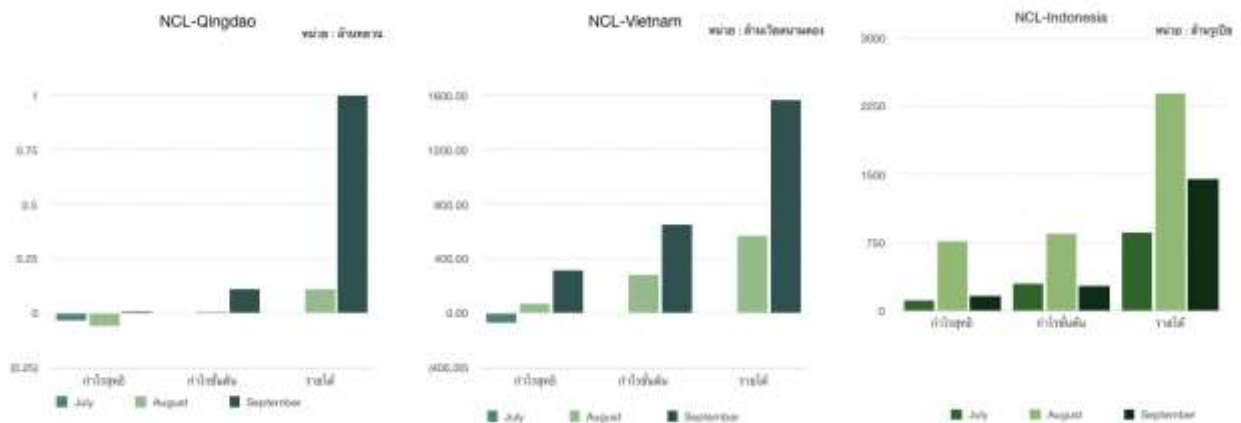
Grace Watermaid Co.,Ltd. (“GWM”) operates hemodialysis solution and other medical product manufacturing and trading business. Previously the company held 44% of all shares. Later in February 2018, the company acquired additional shares from one of the shareholder, resulting in company now holding 52.80 shares; making GWM’s status changing from an affiliate Company to subsidiary in 2018.

GWM’s revenue of the 9 months period show 46.45 Million Baht increase from last year or 208.95 Baht. This is mainly due to the fact that in 2017, GWM’s revenue streams are mostly from medical product distribution as the hemodialysis solution production plant was still under construction. When the hemodialysis solution A and B was ready for sell in July 2017 (as shown in the table below), GWM gradually gained more revenue as a result and reach a profit increase of 11.56 Million Baht or 595.87% of the net profit/loss. For the 9 months period, the overall

performance is 0.15 Baht loss which is an improvement from 4.82 Million baht loss last year. This is mainly due to the fact that GWM only recently operates and only able to distribute hemodialysis solution during mid-year 2017 where most of the cost came from plant construction. This year shows small deficit which is expected to turn to profit gradually going forward.



In February 2018, NCL SINGAPORE Co.,Ltd which is subsidiary of the company has incorporated the NCL International Logistics USA Inc. ("NCL USA") in the United States of America to operates international trading business; earning gradual revenue and primary profit increase with small remaining net loss due to the cost of new company incorporation and personnel cost. The performance is expected to gradually increase going forward.



In July 2018 NCL SINGAPORE, which is a subsidiary company, has accomplished the following:

1. Incorporating Qingdao National Container Line Company Limited (“NCL-Qingdao”) in China, holding 100% of shares.
2. Invest in NCL Inter Logistics Vietnam Company Limited (“NCL-Vietnam”) via convertible bond loan agreement with share ratio of 100%
3. Invest in PT. NCL INTER LOGISTIK INDONESIA (“NCL-Indonesia”) via convertible bond loan agreement with share ratio of 60%

All three companies above operate international product transport with gradually increasing revenue, primary profit, and performance.

Summary

In regard to the revenue of these 9 months period, ending on the 30th September 2018, the company and its subsidiaries earn 825.46 Million Baht from transportation service business, or 14.22% increase from previous year due to the revenue in 2018 includes domestic land transportation service business. At the end of 2017, all the subsidiaries in domestic and international showed increase performance, along with the newly incorporated subsidiaries in USA, China, Indonesia, and Vietnam started to show positive performance, resulting in 12.01 increases in primary profit from the same period last year.

During 2018, the financial statement includes the hemodialysis solution and other medical product manufacturing and trading business from the first quarter of the 2018 which showed 56.42 Million Baht sale revenue, 11.18 Million Baht primary profit, or 19.81% which contributes to the total revenue from sale and service at 881.88 Million Baht and 168.92 Million Baht in primary profit, or 22.03% and 19.95% increase respectively.

For the performance for the period of 9 months which ended on the 30th September 2018, the company has made 2.98 Million Baht in net profit or 0.34% of the revenue from sale and service. This is due to:

1. In 2017, statement from SSK contributes to 9.47 Million Baht of deficit due to the domestic economy condition which drove higher competition in the market, resulting in cancelation of our cement powder transportation as it is evaluated to be non-profitable. The company adjusts its strategy and shareholder structure since 15th August 2017, causing SSK affiliate status to change to subsidiary and the company now holds 75.35% of shares. After strategy and structural change, SSK performs better significantly in 2018 where the directors expected that SSK will perform better gradually.
2. In 2017, GWM contributes to 2.14 Million Baht loss due to the construction of manufacturing plant in the early part of the year where GWM manufactured and later distribute hemodialysis solution around the end of July 2017 which directly lead to increase in performance for the early of 2018. The company acquires GWM share from one of the shareholder and became its majority shareholder. In 2018, GWM has positive performance and contributes to no loss.
3. During 2018, the company has 37.40 Million Baht increase in operating expense due to the cost of business in both domestic land transportation business and hemodialysis solution distribution business for the 9 months period. The company did not have these expenses during 2017 as these businesses only became subsidiaries this year. In addition, the company also expands its investment domestically and abroad in

USA, China, Indonesia, and Vietnam, and thus lead to other expense related. Furthermore, the existing subsidiaries and other newly incorporated are during its expansion phase and thus require more expense. On this note, the company hopes that after these subsidiaries reach its full capacity, they will help lead the strong performance for the group.

Please be inform accordingly,

Yours sincerely,

(Mr. KittiPhuathavornskul , Ms.Netirad Sang- ngam)