



No.NCL-M 04/19

February 27, 2019

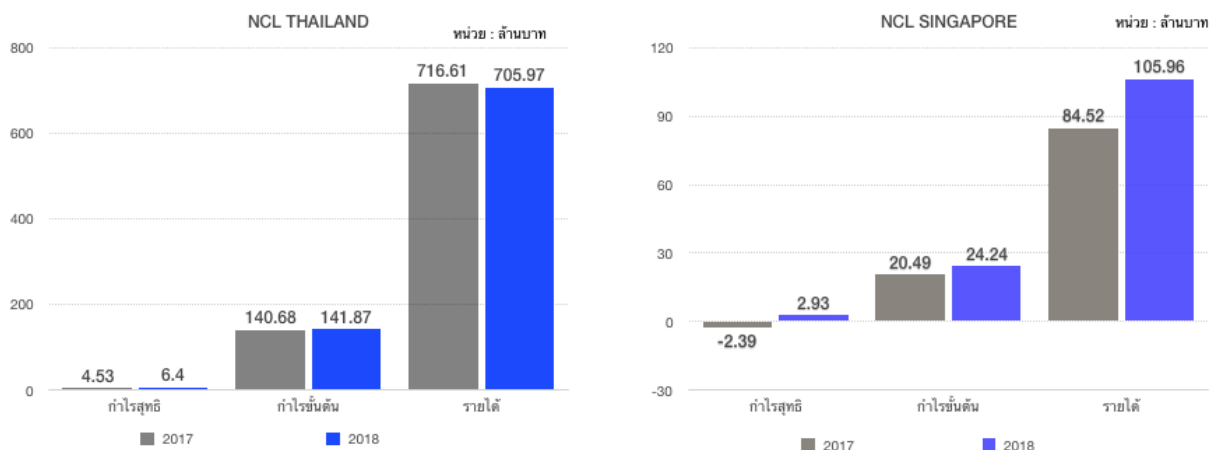
Subject: The clarification and analysis of the management of NCL International Logistics Public Company Limited and its subsidiaries (the "Company") on the Company's financial statements for the 12 months ended December 31, 2018 that changed more than 20 percent.

To : President,  
The Stock Exchange of Thailand

NCL International Logistics Public Company Limited and its subsidiaries ("NCL Group") would like to clarify the description and analysis of the management based on the Company's financial statements for the 12 months ended December 31, 2018

NCL Group gained net profit of 3.16 million Baht or 0.26% of revenue from sales and services, increasing 141.53% from the previous year which reported the net loss of 7.60 million Baht.

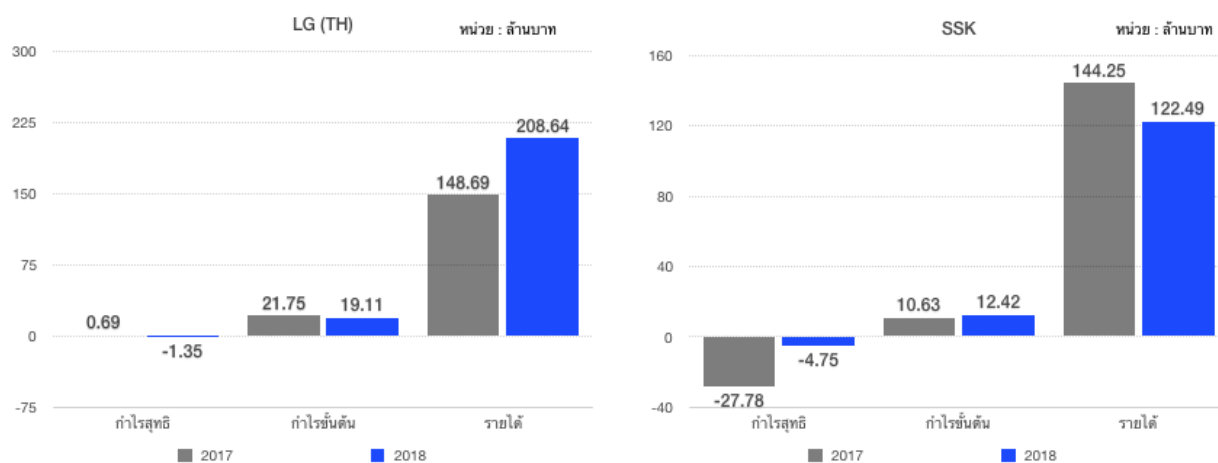
Once compared the annual financial statements, each company reported the revenue and profit as follows.



In 2018, NCL International Logistics Public Co., Ltd. ("NCL" or ("the Company")) slightly gained less revenue than the previous year around 1.49% due to poor overall economic situation at the beginning of the year. NCL tried to follow up and improve the strategy in order to gain higher sales volume throughout the year, resulting in higher sales volume from Q2 onward. The outcome of strategy improvement and cost control made NCL International earn

more gross profit than the previous year at 0.84% and net profit of 6.40 million Baht or 41.01% more than the previous year.

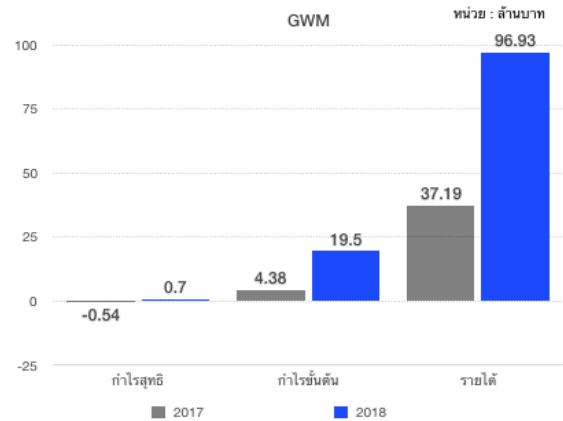
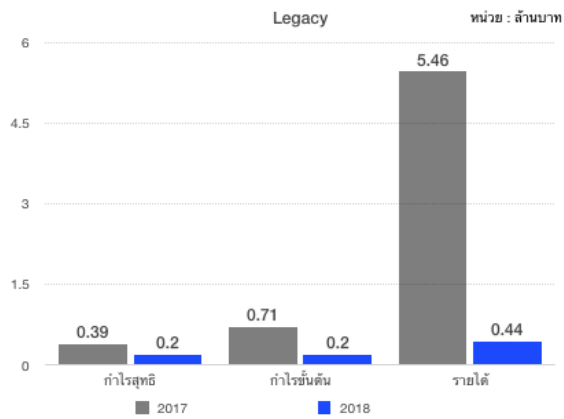
In 2018, NCL Inter Logistics (S) Pte. Ltd. (“NCL Singapore”) gained more revenue and gross profit than the previous year due to better expansion of customer base and trust from existing customers. During the year, NCL Singapore expanded LCL Shipment (Less than Container Load), resulting in more revenue from that section. The net profit was 222.59% more than the previous year.



LG Container Lines Co., Ltd. (“LG (TH)”) - formerly called Legend Shipping (Thailand) Co., Ltd.) whose 60% of total shares are held by NCL LG (TH) mainly earns from logistics services with its own containers, and in 2018 earned 59.95 million Baht more than the previous year, but the gross profit decreased by 2.64 million Baht, indicating that LG (TH) had the better container management but less sales volume due to price competition in the market and merger of vessel lines. Consequently, LG (TH) had the net loss of 1.35 million Baht. LG (TH) closely followed up the market movement in order to timely improve the marketing strategy.

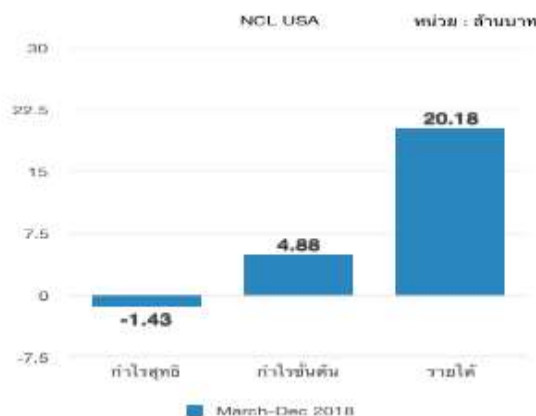
SSK Inter Logistics Co., Ltd. (“SSK”) which previously NCL held 43.84% of total shares, but due to capital reduction in August 2017, NCL currently holds 75.35% of total shares. After becoming the major shareholder, NCL improved SSK business strategy, resulting in significantly higher profit in 2018: gross profit of 1.79 million Baht and net profit of 23.03 million Baht more than the previous year.

However, in 2017 financial statements, SSK earned profit of 6.84 million Baht from capital adjustment by purchase price allocation method (PPA) proposed by independent assessor.

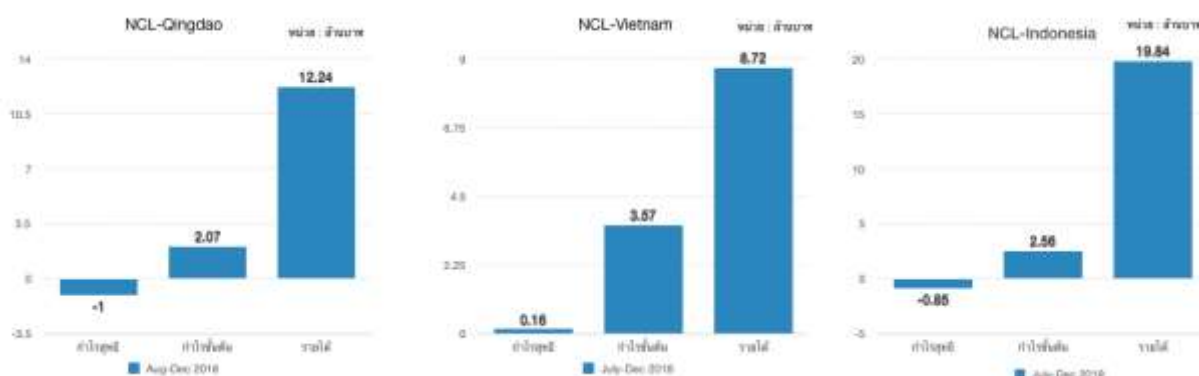


Legacy Asia Capital Pte. Ltd., (“Legacy”) whose 70% of total shares were previously held by NCL, operating the business of container rental. Later in July 2018, NCL disposed total capital in Legacy Asia Capital Pte. Ltd., due to the bankruptcy of Buss Capital Fund Singapore, to a shareholder of Legacy which is an affiliate in Singapore at par value: 140,000 ordinary shares at 1 SGD each, total of 140,000 SGD. Consequently, Legacy was no more subsidiary of NCL which no longer absorbs the costs, administrative expenses and deficit of NCL. In addition, NCL gained the profit of 0.13 million Baht from the capital disposal.

Grace Water Med Co., Ltd. (“GWM”), whose 44.44% of total shares were held by NCL, operates the business of manufacturing and distribution of dialysis and medical equipment, later in February 2018, NCL purchased some shares from a shareholder, making it the major shareholder with 52.80% of total shares, changing the status of GWM from affiliate to subsidiary of NCL. In 2018, GWM gained revenue of 59.74 million Baht or 160.63% more than the previous year as at the beginning of 2017, GWM had gained revenue solely from the medical equipment sales because the dialysis facility had been under construction. The dialysis has been manufactured and distributed around that end of July 2017, resulting in more revenue than the previously year at 15.12 million Baht or 345.20%. The net profit of 2018 was 0.7 million Baht, compared to the loss of 0.54 million Baht in the previous year. GWM expected the higher profit in the future.



In February 2018, NCL Singapore, a subsidiary of NCL, established NCL International Logistics USA Inc. (“NCL USA”) in the United States of America, operating the business of international logistics with revenue and gross profit of 20.18 million Baht and 4.88 million baht respectively. However, NCL USA suffered the net loss due to the establishment costs and personnel costs for the period before starting the operation. NCL USA expected higher profit in the future.



In July 2018, NCL Singapore, a subsidiary of NCL, established 3 following subsidiaries, operating the business of international logistics:

1. Qingdao National Container Line Co., Ltd. (NCLQingdao) in China, holding 100% of total shares. NCLQingdao earned revenue and gross profit of 12.24 million Baht and 2.07 million Baht respectively. However, NCLQingdao suffered the net loss of 1 million Baht due to the establishment costs and personnel costs for the period before starting the operation.
2. Investment in NCL Inter Logistics Vietnam Co., Ltd. (NCLVietnam) through convertible loan agreement, holding 100% of total shares. NCL Vietnam earned revenue and gross profit of 8.72 million Baht and 3.57 million Baht respectively, with net profit of 0.16 million Baht.
3. Investment in Pt. NCL Inter Logistik Indonesia (NCL Indonesia) through convertible loan agreement, holding 60% of total shares. NCL Vietnam earned revenue and gross profit of 19.84 million Baht and 2.56 million Baht respectively. However, NCL Indonesia suffered the net loss of 0.52 million Baht. NCL Indonesia expected higher profit in the future.

## CONCLUSION

The total revenue as of 31st December 2018 of NCL and subsidiaries from logistics was 1,119.14 million Baht, increasing 14.66% from the previous year due to better logistics performance of domestic and international subsidiaries at the end of 2017 and the higher profit of the subsidiaries established during 2018 in USA, China, Indonesia and Vietnam, resulting in more gross profit than the previous year at 8.82%.

In 2018, the consolidated financial statements included the business of manufacturing and distribution of dialysis and medical equipment of a subsidiary during Q1 of 2018, with the sales revenue of 84.43 million Baht and gross profit of 17.26 million Baht or 20.44%. Therefore, the total revenue from sales and services in 2018 was 1,203.57 million Baht and gross profit of 227.09 million Baht, increasing 23.31% and 17.77% respectively from the previous year.

The net profit as at 31st December 2018 of NCL and subsidiaries was 3.16 millions or 0.26% of revenue from sales and services, better than the previously year (net loss of 7.60 million Baht) because of:

1. In 2017, there was the loss of 9.47 million Baht from SSK due to poor overall economic situation and high competition, causing interruption of powdered cement in the market. SSK, therefore, improved the business strategy and shareholder reorganization on 15th August 2017, so that SSK became a subsidiary and NCL holds 75.35% of total shares. After change of shareholding proportion and business strategy, SSK had significantly better profit in 2018. SSK expected higher profit after the complete reorganization.
2. In 2017, there was the loss of 2.41 million Baht from GWM due to the construction of facility at the beginning of 2017. The dialysis has been manufactured and distributed around that end of July 2017, resulting in more revenue. In addition, at the beginning of 2018, NCL purchased some shares from a shareholder, making it the major shareholder. There was no loss in 2018.
3. In 2018, NCL had administration cost of 37.05 million Baht more than the previous year due to: the costs of domestic logistics business and dialysis manufacturing business which there had been none in 2017 due to no existence of such business; the expansion of investment in USA, China, Indonesia and Vietnam, causing subsequent costs; and the expansion of the existing subsidiaries and newly established one. NCL expected higher profit after the completion of such expansion.

Please be inform accordingly,

Yours sincerely,

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