

## บริษัท เอ็นซีแอล อินเตอร์เนชั่นแนล โลจิสติกส์ จำกัด (มหาชน) NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED

No.NCL-M 10/19

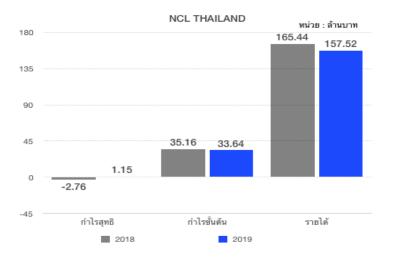
May 14, 2019

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 3 months ended March 31, 2019 that changed more than 20 percent.

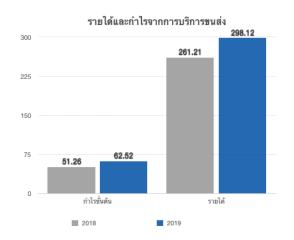
To: President,

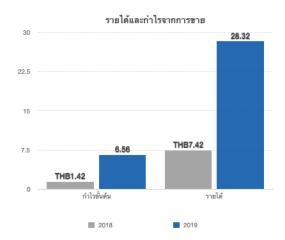
The Stock Exchange of Thailand

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 3 months ended March 31, 2019



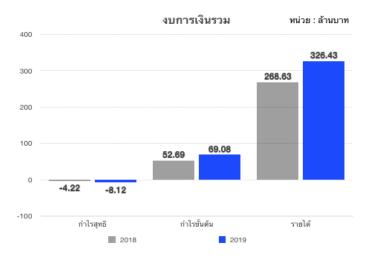
Business specific quarterly financial statement ended on 31 March 2019 indicates the net profit of 1.15 million baht which is greater than the same quarter in the previous year which the net loss was 2.76 million baht due to the income derived from providing consulting service regarding domestic transportation. Even though the income derived from transportation fee is trivially decreased from the previous year but the quarterly net profit of the Company is increased from the previous year for 141.41%.





For the collective financial statement, the Company Group earns from transportation service in quarterly basis, ended on 31 March 2019, for 298.12 million baht increased from the same quarter in the previous year for 36.91 million baht (14.13%) resulting in the increase of the Company's gross profit of 11.26 million baht (21.96%), due to the turnovers of 5 subsidiaries increased from the same quarter of the previous year. The subsidiaries in US, Vietnam, Indonesia, Quingdao and Ningbo totally earned 43.32 million baht resulting in the increase of gross profit of 8.6 million baht including the subsidiary, LG Container Line (Singapore), which is the brand-new company conducting the business of transportation principal equipped with its own container, formerly operating under Thai subsidiary. For Thai subsidiary, there is income and cost specifically for the part of representation and domestic transportation activities only. The comparison between combination of such two companies' income and the previous year income indicates that the income and cost are decreased but the gross profit is increased for 2.41 million baht due to the better Company management in regard to circulated containers.

The Company's quarterly income derived from sales, ended on 31 March 2019, is 28.32 million baht, caused by the subsidiary, Grace Water Mate Co., Ltd. ("GWM"), running the business of kidney cleanser and medical supplies manufacturing and distribution, which is increase from the same quarter of the previous years for 20.90 million baht (281.63%), resulting in the increase of the Company Group's gross profit for 5.14 million baht (352.18%), due to GWM has become the Company Group's subsidiary since March 2018, only its 1 month turnover is able be combined with the quarterly financial statement ended on 31 March 2018, but the combination in this year acquires entire 3-month turnovers in the collective financial statement including the high increase of sales volume of cleanser and medical supplies due to the Company becomes greatly known and the greater customer base expansion resulting in the net profit in accordance with the ratio of stocks held by the Company of 1.04 million baht.



The combination of such two incomes results in the Company Group's total income of 326.43 million baht which is increased from the previous year for 21.52% and the gross profit is 69.08 million baht which is increased from the previous year for 31.11%.

The quarterly turnover ended on 31 March 2019 indicates the Company Group's net loss of 8.12 million baht or 2.49% of income derived from services and sales due to:

- 1. There are sales and management expenses, totally 16.86 million baht, which increased from the expenses of 5 subsidiaries in the previous year, totally 9.52 million baht, due to the operations in the beginning period and expansion, the expenses for GWM are increased from the same quarter in the previous year for 2.92 million baht and the expenses of the subsidiary, NCL Singapore, are increased for 1.92 million baht due to the expansion of LCL causing the higher number of employees and moving office to support expansion which leads to the expenses derived from such move and the former improvement disposal costs. In this regard, the Company expects that after fully running the business of subsidiaries in accordance with the target, the Company Group's turnover will get better consecutively.
- 2. The total other expenses increased from the previous year are resulted from:
  - SSK Inter Logistic Co., Ltd. ("SSK"), the subsidiary, has returned 10 concrete mixer trucks under the lease agreement made with leasing company. Due to the subsidiary requires to restructure its business by emphasizing on running the transportation business which it is skillful, therefore, it disposes entire concrete mixer trucks from its inventory including liability under the financial lease agreement which result in the loss derived from such disposal for 2.6 million baht and acknowledged loss derived from disposal in financial statement, totally 3.50 million baht, resulted from the fair value of such trucks is higher than book value on the date of merger.
  - SSK Inter Logistic Co., Ltd. ("SSK") has assigned its asset to be property foreclosed: the underused trailer which its book value is higher than fair value, resulting in impairment loss for 1.40 million baht. The Company will sell the trailer to reduce the expense of the Company resulted

from such underuse but the management foresees that the sales of such trailer will cause cost
burden and damages for the Company in the future.
ease be inform accordingly,
Yours sincerely,
(Mr. Kitti Phuathavornskul , Ms.Netirad Sang- ngam)