



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

No.NCL-M 15/19

August 13, 2019

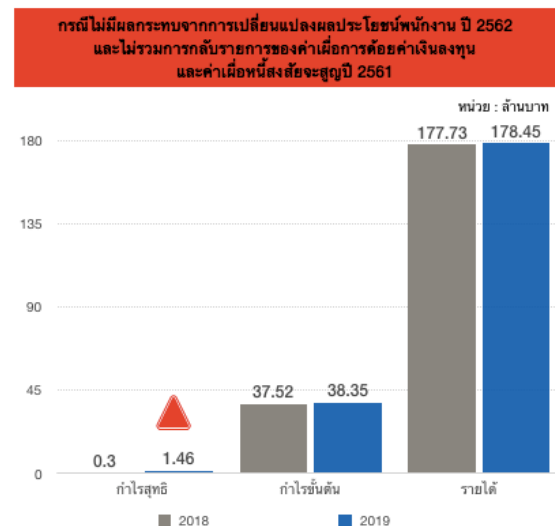
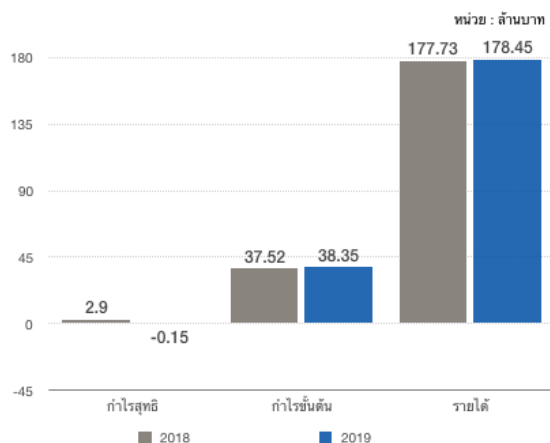
Subject: The clarification and analysis of the management of NCL International Logistics Public Company Limited and its subsidiaries (the "Company") on the Company's financial statements for the 6 months ended June 30, 2019 that changed more than 20 percent.

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 6 months ended June 30, 2019

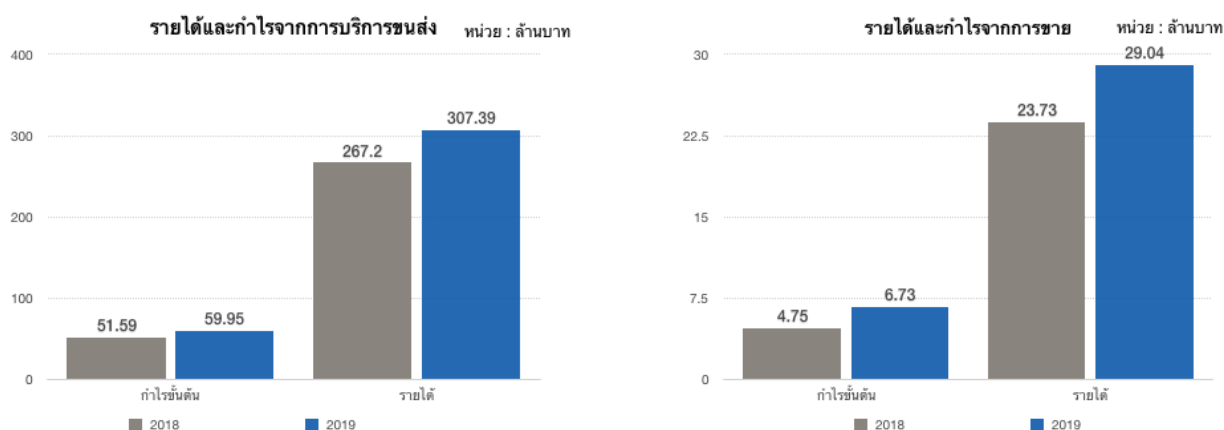
While considering the Company financial statement, particularly the second quarter, 3 months' period ended 30 June 2019:



The separate financial statement for second quarter, 3 months period ended 30 June 2019, indicates that the net loss is 0.15 million baht which reduced from the same period of the previous years for 3.05 million baht. The incomes obtained from logistics service charge and gross profit are slightly increased from the same period of the previous year but the net profit of the same period of the year 2018 is greater than the year 2019. It is because the same period of the year 2018 yielded the adjusted transaction of allowance for investment loss of 1.5 million baht and allowance for the doubtful debt of 1.1 million baht and the management cost is reduced for 2.6 million baht. Despite such items, for the same period in the year 2018, there is the net profit of 0.3 million baht which is slightly different from the same period of the year 2019 because there is income obtained from the dividend paid by the joint

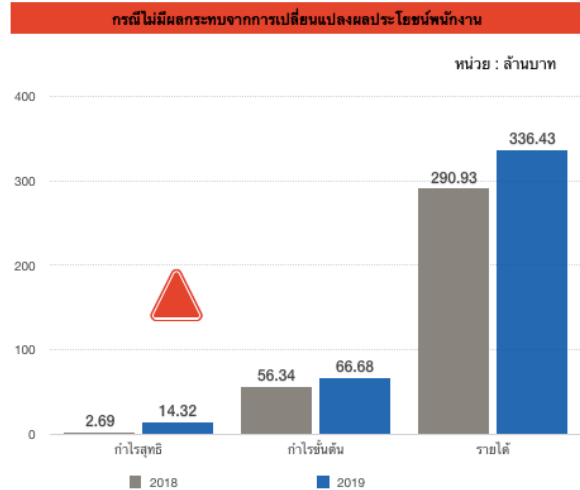
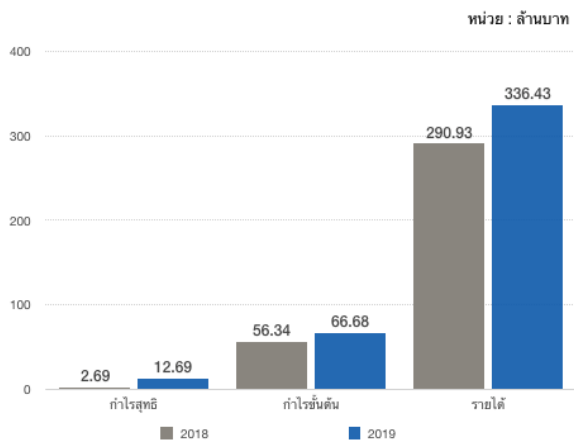
venture in the 3 months period of the year 2019 for 1.41 million baht. The management cost is increased due to establishing the subsidiary overseas which causes higher travel and other relevant costs but due to the separate financial statement for the current period yields the long-term employees benefit which is increased for 1.61 million baht caused by the change of severance pay rate for the termination of employment by the employer, the employee who has worked for an uninterrupted period of 20 years or more is entitled to receive payment of not less than his/her last rate of wage for 400 days, this law is effective since 5 May 2019. Despite such change, for 3 months period of this current year, the net profit of the Company is 1.46 million bath which is increased from the same period of the previous year for 1.16 million baht or 386.67%.

Consolidated Financial Statement for the Second Quarter (3 Months Period)



For the consolidated financial statement of the second quarter (3 months), the Company Group earns the income from the logistics service for the 3 months period ended 30 June 2019 for 307.39 million baht, increased from the same period of the previous year for 40.19 million baht or 15.04%. This result in the Company's gross profit of 8.36 million baht or 16.20% because of the turnovers of the 5 subsidiaries additionally established in the same period of the previous year in the USA, Vietnam, Indonesia, and Qingdao and Ningbo, RPC.

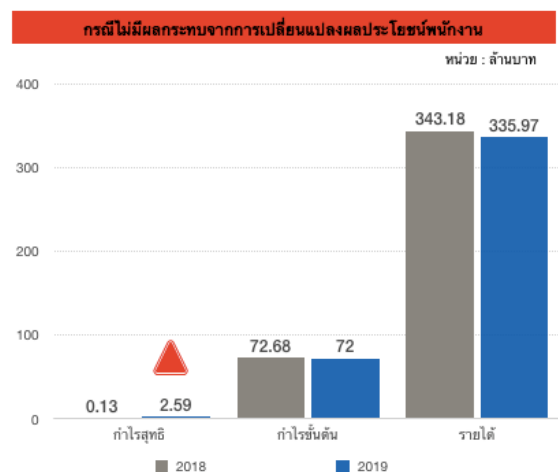
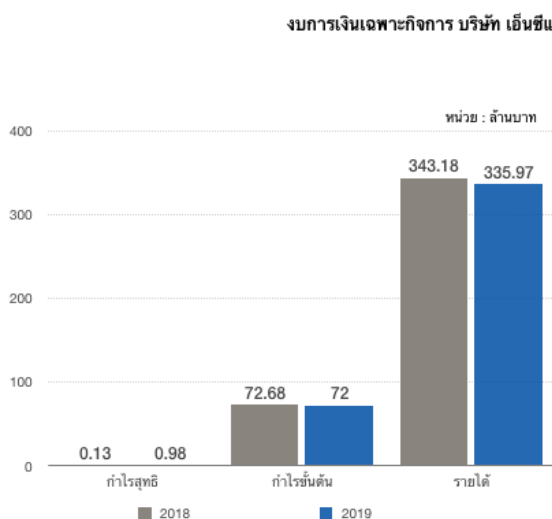
The Company Group earns the income from the sale for the 3 months period ended 30 June 2019 for 29.04 million baht. This is because of the income earned by Grace Water Made Co., Ltd. ("GWM"), the Company running the business of dialysate and medical supply manufacturing and distribution, which increased from the same period of the previous year for 5.31 million baht or 22.37%, resulting in the increase of the Company Group's gross profit for 1.98 million baht or 41.68%. It is because the Company is more well-known and the customer base is extensively extended.



The combination of those two incomes results in the Company Group's income for 3 months period of 336.43 million baht, 15.64% increase compared with the previous year, and the total gross profit is 66.68 million baht, increased from the previous year for 18.35%.

For the turnover for 3 months period ended 30 June 2019, the Company Group earns a net profit of 12.69 million baht or 3.77% of income obtained from service and sale. It is because of the profit earned from the disposition of investment of the subsidiary, LG Container Lines Co., Ltd., of 11.15 million baht. The disposition of such investment is made with the price greater than the investment the loss is recognized according to the Company's equity method in the consolidated financial statement of the previous period. In this regard, the consolidated financial statement for 3 months period of the current year yields the long-term employees benefit which is increased for 1.63 million baht caused by the change of severance pay rate for the termination of employment by the employer, the employee who has worked for an uninterrupted period of 20 years or more is entitled to receive payment of not less than his/her last rate of wage for 400 days. Despite such change, in the current period, the Company Group earns the net profit of 14.32 million baht which is increased from the same period of the previous year for 11.63 million baht or 432.34%.

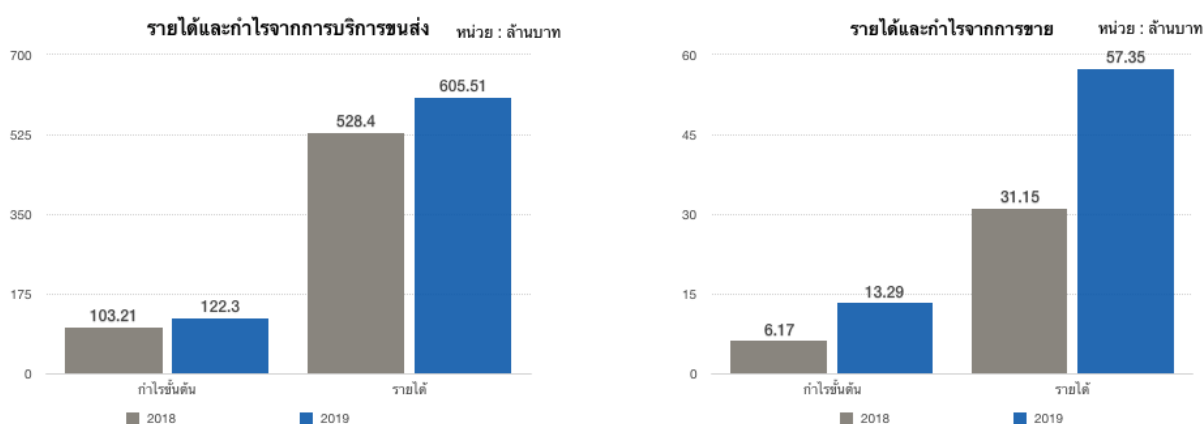
After considering the Company financial statement for 6 months period ended 30 June 2019.



Separate financial statements for the 6-month period ended on 30th June 2019 have a net profit of 0.98 million baht, which improved from the same period of last year 0.85 million baht. Although transportation service revenue is slightly decreased from the previous year but gross profit of the Company is not different from the same period of last year since the Company is able to manage better cost of services and in this year, the Company has increased consultant fee for 2.24 million baht from providing consulting services on domestic transportation operation and received dividend income from associated company in amount of 1.41 million baht, thus resulting in a better net profit in comparison to previous year.

Separate financial statements in current period have long-term employee benefit expenses increased by 1.61 million baht due to changes in the additional compensation rates in case of employer dismissal for employees who have worked for 20 consecutive years or more to be entitled to compensation of not less than 400 days of the final wage, which law is effective from 5th May 2019. If not taking into account such changes in the current period, the Company will have a net profit of 2.59 million baht, which is increased from the same period of last year by 2.46 million baht or 1,892.31 percent.

#### Consolidated Financial Statement for the Second Quarter (6 Months Period)



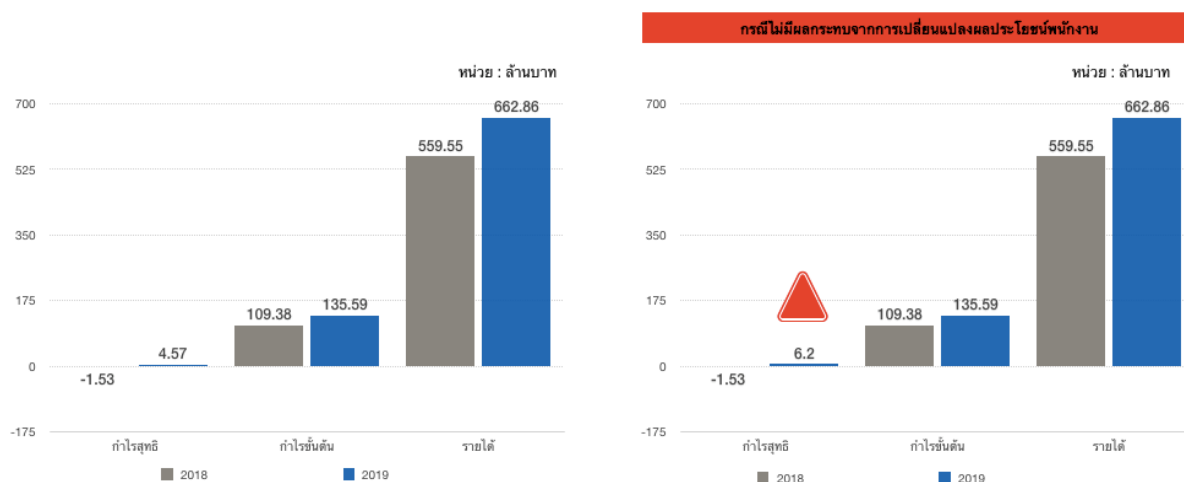
Consolidated financial statements, the Group has revenue from transportation services for the 6-month period ended on 30th June 2019 in amount of 605.51 million baht, which is increased from the same period of last year by 71.11 million baht or 14.59 percent, as a result, the Group's gross profit increased by 19.09 million baht or 18.50 percent. Since in the year 2019, there are increased operating results, in comparison to the same period of last year, from 5 subsidiaries established in the United States, Vietnam, Indonesia, Qingdao, and Ningbo, China with total income of 78.88 million baht resulting in an increase in gross profit of 15.42 million baht as well as LG Container Lines Singapore, subsidiary, a newly opened subsidiary to carry out business as a transportation body with its own container, formerly under the operation of its subsidiary in Thailand. As for the subsidiaries in Thailand, there will be only revenue and costs from representative and transportation activities in the country (said subsidiary in Thailand has already sold to all third parties since 1st May 2019). After combining revenues of both companies together and

comparing with the previous year, revenue has increased and cost is reduced, resulting in an increase in gross profit of 1.75 million baht because the Company is able to better manage containers.

The Group has revenue from sales for the 6-month period ended on 30th June 2019 in amount of 57.35 million baht, as subsidiary, Grace Water Med Company Limited (“GWM”), operating business of producing and selling dialysis solutions and various medical supplies, which increased from the same period of last year by 26.20 million baht or 84.10 percent, as a result, the Group's gross profit increased by 7.12 million baht or 115.32 percent. As GWM has been a subsidiary of the Group since March 2018, only 4 months operating results are therefore included in the consolidated financial statements for the 6-month period ended on 30th June 2018, but in this year, there are 6 months operating results included in the consolidated financial statements, together with the increase in sales of liquid products and products because the company becomes more well-known and able to expand its customer base significantly, resulting in a net profit attributable to the Company of Baht 3.59 million (in proportion to the shareholding) for this business of producing and selling dialysis and pharmaceuticals. When combining both revenues together, the Group has total revenues of 622.86 million baht, which increased by 11.31% from the previous year, and gross profit of 135.59 million baht, which increased by 23.96% from the previous year.

The Group has revenue from sales for the 6-month period ended on 30th June 2019 in amount of 57.35 million baht, as subsidiary, Grace Water Med Company Limited (“GWM”), operating business of producing and selling dialysis solutions and various medical supplies, which increased from the same period of last year by 26.20 million baht or 84.10 percent, as a result, the Group's gross profit increased by 7.12 million baht or 115.32 percent. As GWM has been a subsidiary of the Group since March 2018, only 4 months operating results are therefore included in the consolidated financial statements for the 6-month period ended on 30th June 2018, but in this year, there are 6 months operating results included in the consolidated financial statements, together with the increase in sales of liquid products and products because the company becomes more well-known and able to expand its customer base significantly, resulting in a net profit attributable to the Company of Baht 3.59 million (in proportion to the shareholding) for this business of producing and selling dialysis and pharmaceuticals. When combining both revenues together.

### Consolidated Financial Statement



The Group has total revenues of 622.86 million baht, which increased by 11.31% from the previous year, and gross profit of 135.59 million baht, which increased by 23.96% from the previous year.

Operating results for the 6-month period ended on 30th June 2019, the Group had a net profit of 4.57 million baht or 0.73 percent of revenue from services and sales revenue due to:

1. There is an increase in consulting fee income of 2.24 million baht from the previous year from providing consulting services on domestic transportation operations.
2. Having profits from the sale of investments in subsidiary, LG Container Lines Company Limited, amount to 11.15 million baht, due to such investment was sold at a price greater than investment value previously recognized as loss of the Company in the consolidated financial statements for the past periods.
3. Selling and administrative expenses increased by 24.75 million baht due to expenses of 5 subsidiary companies, which increased from the previous year, in total amount of 17.14 million baht due to being in the beginning and expanding period. Expenses of GWM increased from the same period of last year by 3.37 million baht and expenses of NCL Singapore subsidiary increased by 1.92 million baht due to expanding LCL work has also increased number of staff and the office has been relocated to support such expansion, resulting in cost of moving and amortization of original office improvement, which subsidiary companies later fully operate making operating results of the Group improved respectively.
4. Other expenses increased from the previous year in amount of 7.45 million baht are from:
  - SSK Inter Logistics Company Limited (“SSK”), subsidiary, has returned 10 cement mixer trucks under financial lease agreement to leasing company because the subsidiary wants to restructure business by focusing on the expert transportation business, all the cement mixers have been therefore written off from the assets and liabilities under financial lease agreement, resulting in a loss from the write-off of 2.60 million baht and recognized additional loss from write-off in the consolidated financial statements of 3.50 million baht, due to such trucks show fair value higher than book value on business merging date.
  - SSK Inter Logistics Company Limited (“SSK”) has transferred assets, trailer trucks that SSK has not used effectively, to reduce capital of a group of shareholders, which book value is higher than fair value, resulting in an impairment loss of 1.40 million baht, in order to reduce the Company's cost caused by ineffectively use of trailer trucks, which management has already seen that sales process may cause cost burden and damage to the Company in the future.

However, long-term employee benefit expenses in current consolidated financial statements has increased by 1.63 million baht due to changes in the additional compensation rates in case of employer dismissal for employees who have worked for 20 consecutive years or more to be entitled to compensation of not less than 400 days of the final wage, if not taking into account such changes in the current period, the Group will have a net profit of 6.20 million baht, which is increased from the same period of last year by 7.73 million baht or 505.23 percent.

Please be inform accordingly,

Yours sincerely,

(Mr. Kitti Phuathavornskul , Ms.Netirad Sang- ngam)