



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

No.NCL-M 03/20

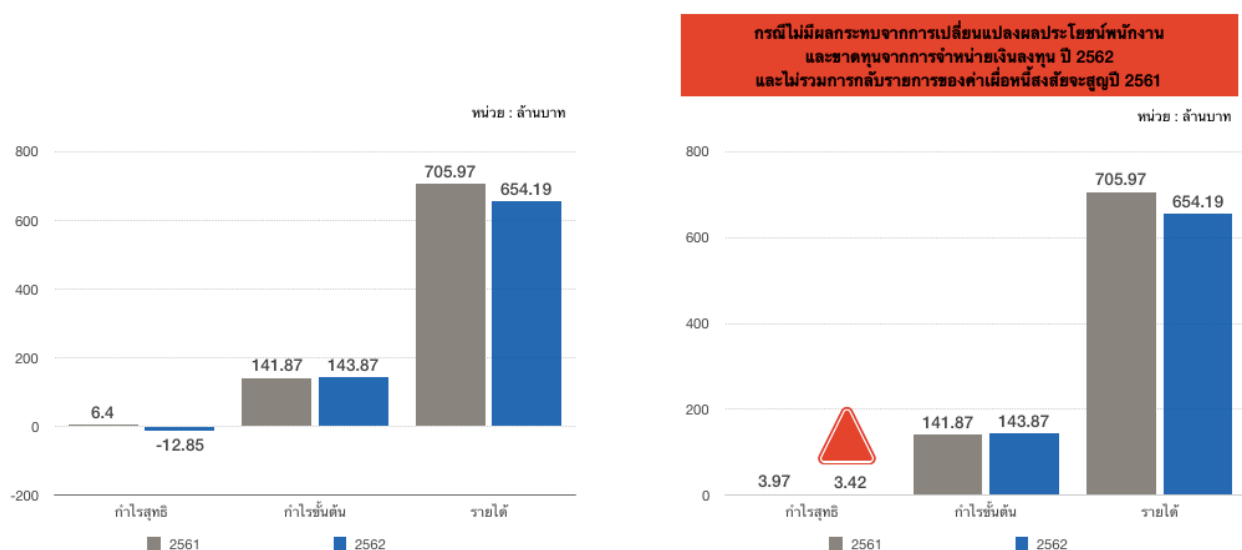
February 27, 2020

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 year ended December 31st, 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 year ended December 31st, 2019

Upon considering the Company's Specific Business Financial Statement for the year ended December 31st, 2019, it could be explained as follows:

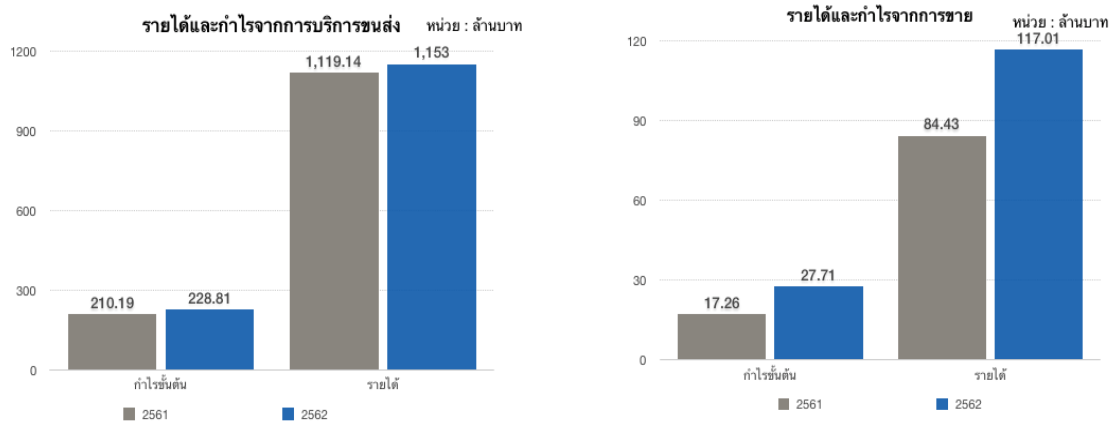


The Company's Specific Business Financial Statement for the year ended December 31st, 2019 exhibits the loss of 12.85 Million Baht which is 19.25 Million Baht reduced from the previous year. Even though the income obtained from the transportation services is reduced from the previous year but the Company could slightly earn the gross profit greater than the profit in the previous year because of its capability of better management of service costs. The net profit (loss) for the year 2019 reduced from the previous year is resulted from:

1. In the year 2019, the Company sold the capital invested in the subsidiary, SSK, at the cost price where the term of the payment of share price is limited within 2.5 years. The Company, therefore, recognized the loss from the calculation of the current value of such investment capital sale for 13.29 Million Baht as of the date of sale. The said loss from the sale of 13.29 Million Baht investment capital will be gradually recognized as the interest income to be received throughout the period of 2.5 years until the full sum of investment capital sale is received between 2020 to the mid of 2022.
2. For the year 2019, the expenses of long-term benefit of employees is increased for 2.98 Million Baht resulted from the change of the rate of additional compensation in case the employer terminating the employment of the employees who have been served for the full 20 years and above to be entitled to receive the compensation not less than the last rate of wage for 400 days and the reduction of the interest rate adopted in the estimation.
3. For the year 2018, there was the reversed entry of the allowance for doubtful accounts greater than this year for 2.43 Million Baht.
4. There is an increase in administrative costs due to the increase in the establishment of overseas subsidiaries resulting in the increase of travel and other relevant expenses.

Despite of the effect from the change of compensation rate prescribed by law, reversed entry of allowance for doubtful accounts, and the loss from the sale of investment capital, it will be discovered that in the year 2019, the net profit is 3.42 Million Baht, and it is just 0.55 Million Baht reduced from the previous year.

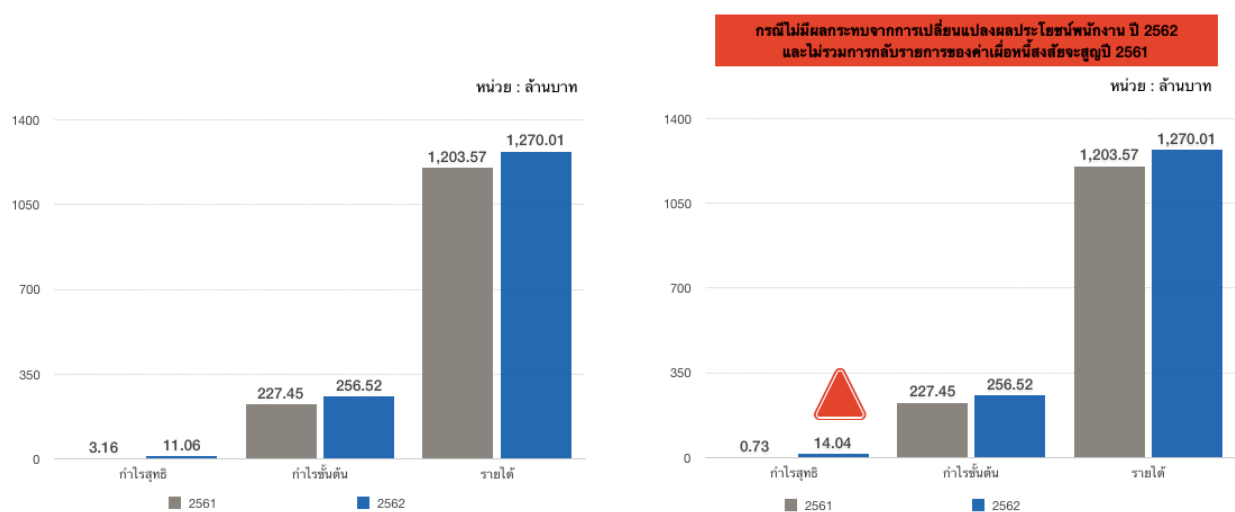
Upon considering the Collective Financial Statement for the year ended December 31st, 2019, it could be concluded as follows:



For the collective financial statement, the Company Group earns from transportation service in quarterly basis, for the year ended December 31st, 2019, for 1,153 million baht increased from the previous year for 33.86 million baht (3.03%) resulting in the increase of the Company's gross profit of 18.62 million baht (8.85%), due to the turnovers of 5 subsidiaries increased from the same quarter of the previous year. The subsidiaries in US, Vietnam, Indonesia, Qingdao and Ningbo totally earned 80.06 million baht resulting in the increase of gross profit of 12.44 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 company has sold the subsidiary company in Thailand to an outsider since the 1st of May 2019) 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 3.26 million baht due to the better Company management in regard to circulated containers.

The Company's quarterly income derived from sales, for the year ended December 31st, 2019, is 117.01 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 32.58 million baht (38.59%), resulting in the increase

of the Company Group's gross profit for 10.45 million baht (60.54%), due to GWM has become the Company Group's subsidiary since March 2018, only its 10 month turnover is able be combined with the quarterly financial statement ended on 31 December 2018, but the combination in this year acquires entire 12-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 3.86 million baht for business of producing and selling dialysis solutions and various medical supplies as follows:



The combination of such two incomes results in the Company Group's total income of 1,270.01 million baht which is increased from the previous year for 5.52% and the gross profit is 256.52 million baht which is increased from the previous year for 12.78%.

The quarterly turnover for the year ended December 31st, 2019 indicates the Company Group's net profit of 11.06 million baht or 0.87% of income derived from services and sales due to:

1. The gross profit of the company group is increased from the additional businesses for 29.07 Million Baht.
2. The profit earned from the sale of the capital invested in the subsidiary, LG Container Line Co., Ltd. and The profit earned from the sale of the capital invested in the subsidiary, SSK Inter Logistics Co., Ltd. of 11.15 million baht and 16.03 million baht respectively, 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. The costs of sales and administration are totally increased for 40.58 Million Baht resulted from the Company's increased expenses stated in the Specific Business Financial Statement and the expenses of 5 subsidiaries increased from the previous year for 14.73 Million Baht because of the initial period and extension and the expenses of GWM is increased from the previous year for 3.22 Million Baht. and the expenses of the subsidiary, NCL Singapore, are increased for 5.58 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.
4. 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 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 2.98 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 14.04 million baht, which is increased from the same period of last year by 13.31 million baht or 1,823.28%.

Please be inform accordingly,

Yours sincerely,

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