

**-Translation-****No. ECF2 077/2017**

November 14, 2017

Subject: Management Discussion and Analysis of the 3<sup>rd</sup> quarter ended September 30, 2017To President  
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the Separate and Consolidated Financial Statements of the 3<sup>rd</sup> Quarter ended September 30, 2017. The details are as follows;

**Operating Performance**1. Revenues

Unit: Million Baht

Information of the 3 <sup>rd</sup> Quarter	Consolidated				Separate			
	3 months		Change		3 months		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenue from sale – net	343.16	310.14	33.03	11%	338.57	304.03	34.53	11%
Gain from exchange rate	0.30	0.48	-0.18	-37%	0.26	0.49	-0.23	-46%
Other incomes	10.34	5.75	4.59	80%	10.31	6.99	3.33	48%
<b>Total Revenue</b>	<b>353.80</b>	<b>316.37</b>	<b>37.43</b>	<b>12%</b>	<b>349.14</b>	<b>311.51</b>	<b>37.63</b>	<b>12%</b>
Sharing of gain (loss) from investment value of the associates	3.95	30.95	-27.00	-87%				

In general of the 3<sup>rd</sup> Quarter of 2017, the Company could generate total revenue with growth rate 12 percent that included the revenue from furniture business by growing 11 percent from domestic sales. At the present, the proportion of domestic sales is 47 percent of total revenue from sale. In addition, other incomes also increased from the revenue of by products, waste, material and interest received from the short term investment fund.

Regarding to ECF Holdings Company Limited, as the subsidiary of the Company by holding 75 percent of total shares, invested to solar power plant with installation capacity 1.5 MW at Himeji Prefecture, Japan by holding 51% of total shares of the project and later this project was sold on August 19, 2016 at selling price Baht 82.19 million with sharing of gain from investment value of the associates Baht 30.95 million

of the 3<sup>rd</sup> Quarter of 2016. This transaction has the significant impact when comparing the value of sharing of gain from investment value of the associates of the 3<sup>rd</sup> Quarter of 2017 Baht 3.95 million with the details as follows;

1. SAFE Energy Holdings Company Limited (SAFE) that ECF Power Company Limited (ECF-P), as the subsidiary of the Company, holds 33.37 percent of total shares of SAFE. At the present SAFE could gain profit from biomass power plant project with installation capacity 7.5 MW of Prize of Wood Green Energy at Narathiwat Province. The Company could start gaining from profit sharing of full period of the 3<sup>rd</sup> Quarter of 2017.
2. Green Earth Power (Thailand) Company Limited operates solar power plant project with installation capacity 220 MW at Minbu District, Myanmar. ECF-P holds 20 percent of total shares of the project. At the present, the project is under construction and has not been starting commercial yet.

As the above-mentioned, resulting to the comparison of Sharing of gain (loss) from investment value of the associates of the 3rd quarter of 2017 decreases 87 percent.

Information of 9M.2017	Consolidated				Separate			
	9 months		Change		9 months		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenue from sale – net	1,056.63	992.71	63.92	6%	1,043.86	980.53	63.33	6%
Other incomes	24.07	14.79	9.28	63%	23.31	14.52	8.79	61%
<b>Total Revenue</b>	<b>1,080.70</b>	<b>1,007.49</b>	<b>73.20</b>	<b>7%</b>	<b>1,067.17</b>	<b>995.05</b>	<b>72.13</b>	<b>7%</b>
Sharing of gain (loss) from investment value of the associates	1.93	32.56	-30.63	-94%				

For the 9-months period ended September 30, 2017, revenue from sale-net and total revenue grew at 6 percent and 7 percent respectively. However the increase of total revenue came from the growth of furniture business and the significant growing from other incomes from selling by products, waste, material and interest received from the short term investment fund.

## 2. Cost of goods sold and expenses : Consolidated

Unit: Million Baht

Information of the 3 <sup>rd</sup> Quarter	3 months		Change	
	2017	2016	Amount	%
Cost of goods sold	239.22	217.53	21.68	10%
Cost of sales	38.79	40.50	-1.70	-4%

Information of the 3 <sup>rd</sup> Quarter	3 months		Change	
	2017	2016	Amount	%
Administrative expenses	36.16	36.49	-0.33	-1%
Financial costs	23.42	16.48	6.94	42%
Income tax expense	3.81	0.69	3.12	453%
<b>Total cost of goods sold and expenses</b>	<b>341.39</b>	<b>311.69</b>	<b>29.71</b>	<b>10%</b>

The overview of cost of goods sold and expenses of the 3<sup>rd</sup> quarter of 2017, the company could manage cost of sales decreasing from the expense management of domestic customer by reduce some distribution channels that could not well generate income to other distribution channels instead. In this regard, the Company could gain more revenue from these new distribution channels and also resulted to more efficient cost of sales management. However, the company had increasing financial costs from short-term loans from other persons and companies which were used for working capital of the business. Income tax expenses increased from the growth of domestic sales that some products to sell are imported from overseas which could not receive tax privilege when comparing to the product produced from the factory of the Company.

Information of 9M.2017	9 months		Change	
	2017	2016	Amount	%
Cost of goods sold	744.12	705.98	38.14	5%
Cost of sales	115.88	115.46	0.42	0%
Administrative expenses	121.70	111.97	9.74	9%
Loss from exchange rate	0.50	-0.67	1.17	N.A.
Financial costs	56.58	37.94	18.64	49%
Income tax expense	6.85	8.34	-1.49	-18%
<b>Total cost of goods sold and expenses</b>	<b>1,045.63</b>	<b>979.02</b>	<b>66.61</b>	<b>7%</b>

For the expenses of the 9-months period ended September 30, 2017, the significant increasing expenses were administrative expenses from feasibility study of power business that continued from Quarter 1 and 2. However, these feasibility study expenses did not significant increase from Quarter 3. The cause of increasing financial cost as the above-mentioned.

### 3. Profit for the period

Unit: Million Baht

Information of the 3rd Quarter	Consolidated				Separate			
	3 months		Change		3 months		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Gross Profit	103.95	92.60	11.35	12%	102.29	86.13	16.15	19%

Information of the 3rd Quarter	Consolidated				Separate			
	3 months		Change		3 months		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Profit (Owners of the parent)	17.99	28.07	-10.08	-36%	19.15	6.29	12.86	204%
Total Comprehensive Income for the Period	16.36	29.14	-12.78	-44%				

In sum, the profit of the 3<sup>rd</sup> Quarter of 2017 (Consolidated) for profit (Owners of the parent) was Baht 17.99 million which significant decreased comparing to the same period of the last year due to the above-mentioned cause of the decrease of Sharing of gain (loss) from investment value of the associates. In this regard, the gross profit and profit of the period from separate financial statements could still significant growing from furniture business which equivalent to 19 percent and 204 percent respectively due to the result of cost of good sold management and decrease of costs of sales.

Information of 9M.2017	Consolidated				Separate			
	9 months		Change		9 months		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Gross Profit	312.505	286.726	25.78	9%	307.215	280.337	26.88	10%
Profit (Owners of the parent)	41.52	57.04	-15.52	-27%	53.40	45.82	7.58	17%
Total Comprehensive Income for the Period	36.99	57.49	-20.50	-36%				

From consolidated financial statements, Profit (Owners of the parent) for the period of 9 months of 2017 was Baht 41.52 million which decreased from the last year 27 percent from the reason of the decrease of share of loss from investment in associates whereas the gross profit and profit of the period from furniture business could still growing 10 percent and 17 percent respectively.

## Financial Position: Consolidated Financial Statements

### 1. Total Assets

Statement of Financial Position	September 30, 2017		December 31, 2016		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,664.22	58%	1,532.73	65%	131.40	9%
Non-Current Assets	1,225.81	42%	824.55	35%	401.26	49%
<b>Total Assets</b>	<b>2,809.03</b>	<b>100%</b>	<b>2,357.28</b>	<b>100%</b>	<b>532.75</b>	<b>23%</b>

As of September 30, 2017, the Company's total assets was Baht 2,890.03 million, increased by Baht 532.75 million from the significant reasons of the increase of inventory and investment in associates. In this regard, the investment in associates increased evidently since the 2<sup>nd</sup> Quarter to the 3<sup>rd</sup> Quarter of 2017 and the amount of investment in associates as of September 30, 2017 representing to Baht 455.53 million increasing from Baht 8.00 million as of December 31, 2017. The investment in associates was divided into the investment to SAFE Energy Holdings Company Limited Baht 148.22 million and Green Earth Power (Thailand) Company Limited Baht 307.31 million.

## 2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	September 30, 2017		December 31, 2016		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	2,040.00	71%	1,076.24	46%	963.75	90%
Non-Current Liabilities	78.92	3%	621.95	26%	-543.03	-87%
<b>Total Liabilities</b>	<b>2,118.92</b>	<b>73%</b>	<b>1,698.20</b>	<b>72%</b>	<b>420.72</b>	<b>25%</b>
Shareholder's Equity	771.12	27%	659.09	28%	112.02	17%
Total Liabilities and Shareholder's Equity	<b>2,890.03</b>	<b>100%</b>	<b>2,357.28</b>	<b>100%</b>	<b>532.74</b>	<b>23%</b>

As of September 30, 2017, the Company's total liabilities was Baht 2,118.92 million, increased Baht 420.72 million from as of December 31, 2016 resulted from the increase of short-term loans from other persons and other companies to be used as working capital of the business, whereas the Company's overdraft and short-term loans from financial institutions decreased Baht 205.37 million.

Shareholder's Equity as of September 30, 2017 was Baht 771.12 million increased Baht 112.02 million from as of December 31, 2016 due to the increase of paid-up capital and share premium from exercising ECF-W1 which expired since July 28, 2017.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director