

**-Translation-****No. ECF2 015/2016**

March 1, 2017

Subject : Management Discussion and Analysis of the year ended December 31, 2016

To 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 year ended December 31, 2016. The details are as follows;

**Operating Performance**1. Revenues

Unit : Million Baht

Year 2016	Consolidated				Separate			
	12 months		Change		12 months		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Revenue from sale – net	1,370.78	1,334.10	36.68	2.75	1,354.41	1,333.28	21.13	1.58
Other income	24.13	24.20	(0.07)	(0.29)	23.59	25.31	(1.72)	(6.80)
<b>Total Revenue</b>	<b>1,394.91</b>	<b>1,358.30</b>	<b>36.61</b>	<b>2.70</b>	<b>1,378.00</b>	<b>1,358.59</b>	<b>19.41</b>	<b>1.43</b>

In general, the Company could generate revenue for 12 months of Y2016 that grew continuously especially revenue from furniture business. The growth came from sales of the Company's brand products and distribution channel via retail stores and dealer shops over the country equivalent to 9.42 percentage for the year 2016. However the revenue from export sales decreased 2.63 percentage from the result of the client's order did not go as planned.

2. Cost of goods sold and expenses : Consolidated

Unit : Million Baht

	12 months		Change	
	2016	2015	Amount	%
Cost of goods sold	983.27	981.74	1.53	0.16%
Selling expenses	158.87	134.17	24.70	18.41%

	12 months		Change	
	2016	2015	Amount	%
Administrative expenses	155.46	118.65	36.81	31.02%
Financial costs	54.43	38.73	15.70	40.54%
Income tax expense	10.71	13.99	-3.28	-23.45%
<b>Total cost of goods sold and expenses</b>	<b>1,362.74</b>	<b>1,287.28</b>	<b>75.46</b>	<b>5.86%</b>

The overview of cost of goods sold and expenses of the year 2016, the company could still manage the cost of production and cost of goods sold more efficient from the policy of management in factory. The percentage of cost of goods sold represented 70.75% comparing to 72.27% of the last year. However the Company will adhere continuously to the policy to manage the factory with higher efficiency and lower cost.

The details of significant expenses such as selling expenses, administrative expenses and financial cost are as follows;

- Selling expenses increased with the significant causes from promotion expense and advertising expense regarding to Can Do : retail business in order to boost the sale volume.
- Administrative expenses increased from the operating expenses of the subsidiary that runs Can Do retail shop. Moreover the expenses from furniture business increased by employee benefits, bonus expense on accrual basis and also the expenses from feasibility study in energy business which the Company has hired many experts to give the opinion for the Company's investment. The significant expense happened this period was The allowance for impairment of fixed assets increased Baht 5.46 million in accordance with the accounting standard that the Company has to reappraise the assets in every 5 years.
- Financial cost increased from the debenture that has just issued and offered at interest rate 5.4%/year.

### 3. Profit for the period

Unit : Million Baht

	Consolidated				Separate			
	12 months		Change		12 months		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Gross Profit	387.51	352.36	35.15	9.98%	379.45	351.41	28.04	7.98%
Share of Profit (Loss) from Investment in associates	-32.83	0.84	-33.67	N.A.	0.00	0.00	0.00	N.A.
Profit (Owners of the parent)	62.44	75.43	-12.99	-17.22%	55.36	80.59	-25.23	-31.31%
Total Comprehensive	226.35	74.83	151.52	202.49%	220.24	80.59	139.65	173.28%

	Consolidated				Separate			
	12 months		Change		12 months		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Income for the Period								

In sum, the profit of the year 2016 (Consolidated) for profit (Owners of the parent) was Baht 62.44 million decreased from the last year Baht 75.43 million representing to 17.22 percentage because the year 2016 the Company had the policy to increase promotion program to urge sales volume and maintain the level of sales revenue. Moreover the world economic did not support the consumption rate and the order from oversea did not go as planned. The Company reapprised the assets on October, 2016 which had an impact on the profit from reappraisal increased Baht 166.36 million that complied with accounting standard for the asset reappraisal in every 5 years. As mention aboved this reason led to the total comprehensive income for the Period was Baht 226.35 million when comparing to the last year Baht 74.83 million or increased 202.49%

## Financial Position : Consolidated Financial Statements

### 1. Total Assets

Statement of Financial Position	December 31, 2015		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,532.73	65%	861.96	57%	670.77	78%
Non-Current Assets	824.55	35%	644.24	43%	180.31	28%
<b>Total Assets</b>	<b>2,357.28</b>	<b>100%</b>	<b>1,506.20</b>	<b>100%</b>	<b>851.08</b>	<b>57%</b>

As of December 31, 2016, the Company's total assets was Baht 2,357.28 million, increased by Baht 851.08 million or 57% approximately from as of December 31, 2015. Main reason was the increase of Cash and cash equivalents increased from Baht 61.10 million to Baht 408.67 million as of December 31, 2016 representing to 500 percentage. This cash came from the debenture issuance since May and has been waiting for the interesting projects. The Company received cash from the issuance of debenture in May and is waiting for the investment on an interesting project. Moreover the increase of assets came from surplus of asset revaluation by increasing from Baht 186.72 million to Baht 347.55 million or representing to 116 percentage as of December 31, 2016.

**2. Total Liabilities and Shareholder's Equity**

Statement of Financial Position	December 31, 2016		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,076.24	46%	918.11	61%	158.13	17%
Non-Current Liabilities	621.95	26%	134.44	9%	487.51	363%
Total Liabilities	1,698.19	72%	1,052.55	70%	645.64	61%
Shareholder's Equity	659.09	28%	453.66	30%	205.43	45%
Total Liabilities and Shareholder's Equity	<b>2,357.28</b>	<b>100%</b>	<b>1,506.21</b>	<b>100%</b>	<b>851.07</b>	<b>57%</b>

As of December 31, 2016, the Company's total liabilities was Baht 1,698.19 million, increased by 61% approximately from as of December 31, 2015 resulted from the debenture that was issued and offered in May totalling Baht 498.31 million.

Shareholder's Equity as of December 31, 2016 was Baht 659.09 million increased from 453.66 million as of December 31, 2015 from increasing of paid-up capital and premium on shares of exercising the Warrants in May and November of the year 2016.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)  
Managing Director