

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**Financial Statements  
For the Year Ended December 31, 2020  
and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.  
Certified Public Accountants***

# M.R. & ASSOCIATES CO., LTD.

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## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of East Coast Furnitech Public Company Limited

### Opinion

I have audited the consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2020, and the separate statement of comprehensive income, the separate statement of changes in shareholders' equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements" section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions together with the ethical requirements that are relevant to my audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matters

I draw attention to (1) Note 3 to the Financial Statements that the Company changed its method of measurement after recognition of land, building and machinery in 2020 whereby retrospective application and restatement is made to the 2019 comparative information and (2) Notes 4 and 6 to the Financial Statements that the Group exercised certain mitigating measure indicated in the accounting guidance for Temporary Mitigating Policies for Alternative Accounting on the Effects from Pandemic Situation of the Coronavirus 2019 (COVID-19), issued by the Federation of Accounting Professions and became effective only in 2020, with respect of the exception from combining forward looking information in consideration and measurement of the expected credit loss for the Group's trade receivables. My opinion is not qualified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

#### Valuation of Certain Investment in Subsidiary in the Separate Financial Statements

##### *Risk description*

2020 is the first year that a subsidiary, ECF Holdings Co., Ltd. ("ECF-H"), has conducted its new business plan i.e. sales of furniture through domestic agents. However, ECF-H had loss from operations for the year 2020 and capital deficiency as at December 31, 2020 amounting to approximately Baht 8.6 million and Baht 47.1 million, respectively. Such events primarily indicated that the Company's investment in ECF-H, stated at cost of Baht 7.5 million in the separate financial statements, may substantially impair and conduct to significant risk that such investment may be overstated about valuation in the financial statements if compared to its recoverable amounts to be known from result of impairment test and assessment in which the management shall use their significant judgement, estimates, and assumptions, which is considered complicate, to test and assess whether such investment eventually has impairment or not.

Significant accounting policies and other information relating to the aforesaid investment was disclosed in Notes 1, 2, 4 and 10 to the financial statements.

##### *Responses to the Risk*

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to appropriate and acceptable level and enable the separate financial statements to be free from material misstatement:

- Gather understanding and preliminarily assess the use of significant judgement, estimates, and assumptions with respect of the test and assessment of impairment done by the management.
- Test, assess, and conclude for the reasonableness of the use of significant judgement, estimates, and assumptions in calculation and determining recoverable amount done by the management.
- Test mathematical accuracy of significant figures and review the appropriateness and acceptability of the results of management's assessment whether such investment eventually impair, with material amount, as at the end of year.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements and the separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements and the separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Group's internal control.
- Evaluate appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Mr. Akadet Pliensakul)  
Certified Public Accountant  
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 25, 2021

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020, DECEMBER 31, 2019 AND JANUARY 1, 2019

ASSETS

Note	In Baht					
	Consolidated			Separate Financial Statements		
	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	187,143,750	84,060,553	132,358,949	12,763,230	5,523,978	98,435,576
Investment in short-term debt securities	34 -	9,978,684	64,710,168	-	9,978,684	64,710,168
Trade receivables						
- Related parties	5, 6 7,554,917	6,517,591	6,082,591	38,609,356	10,546,383	13,908,261
- Other parties - net	6 323,753,862	276,800,090	321,824,997	310,157,778	273,796,153	313,817,104
Current portion of receivable from sales of rights	6 36,000,000	-	-	36,000,000	-	-
Current portion of other installment receivables						
- Related person	5, 8 5,550,000	8,325,000	-	5,550,000	8,325,000	-
- Other person	8 11,100,000	16,650,000	-	11,100,000	16,650,000	-
Inventories - net	7 1,370,207,622	1,379,373,448	1,172,206,372	1,369,772,706	1,378,844,746	1,170,734,045
Short-term loans to and interest receivables from related parties	5 -	15,034,038	65,342,864	189,707,397	36,826,272	23,200,298
Short-term loans to other person	36 39,000,000	-	65,000,000	35,000,000	-	-
Other current assets						
- Deposits for purchases of raw materials and inventories	25,611,809	2,896,295	150,000	25,611,809	2,896,295	150,000
- Value-added tax receivable (net of allowance for doubtful accounts of Baht 3,051,891 in 2019)	11,076,370	25,099,459	20,303,523	9,556,825	22,627,662	17,861,937
- Others (net of allowance for doubtful accounts of Baht 3,997,141 in 2020 and 2019 and Baht 2,157,032 in 2018)	5 18,770,698	12,750,736	24,743,352	18,398,556	14,183,808	20,901,858
<b>Total Current Assets</b>	<b>2,035,769,028</b>	<b>1,837,485,894</b>	<b>1,872,722,816</b>	<b>2,062,227,657</b>	<b>1,780,198,981</b>	<b>1,723,719,247</b>
<b>NON-CURRENT ASSETS</b>						
Receivable from sales of rights - net	6 12,000,000	-	-	12,000,000	-	-
Other installment receivables - net						
- Related person	5, 8 5,559,749	11,109,749	-	5,559,749	11,109,749	-
- Other person	8 11,119,479	22,219,497	-	11,119,479	22,219,497	-
Restricted deposits at banks	9 51,822,579	93,880,708	73,040,000	51,822,579	93,880,708	73,040,000
Investment in subsidiaries accounted for using the cost method	10, 37 -	-	-	703,276,950	703,276,950	563,276,950
Investment in associate and joint venture accounted for using the equity method	11 672,120,881	584,100,194	561,691,594	-	-	-
Property, plant and equipment - net	5, 12, 15, 20 521,509,501	481,891,660	459,396,354	517,586,851	459,711,813	438,650,850
Right-of-use assets - net	2, 13 5,334,216	-	-	5,334,216	-	-
Intangible assets - net	14 1,250,680	776,035	2,194,440	1,185,347	678,772	611,946
Deferred tax assets	25 5,834,932	9,538,752	4,388,272	5,834,932	9,538,752	4,388,272
Loan to other party	8 -	-	50,000,000	-	-	50,000,000
Other non-current assets						
- Deposit for investment project	35 100,000,000	100,000,000	75,000,000	100,000,000	100,000,000	75,000,000
- Advance for purchase of investment	35 70,000,000	95,000,000	-	70,000,000	95,000,000	-
- Advances for share subscription	5, 10, 11 -	78,750,000	-	-	78,375,000	78,375,000
- Deposits and guarantees	5, 11, 20 52,344,904	33,476,132	17,880,678	29,282,595	10,441,132	14,736,536
- Others - net	58,374	84,084	1,807,831	774	7,284	1,656,459
<b>Total Non-Current Assets</b>	<b>1,508,955,295</b>	<b>1,510,826,811</b>	<b>1,245,399,169</b>	<b>1,513,003,472</b>	<b>1,584,239,657</b>	<b>1,299,736,013</b>
<b>TOTAL ASSETS</b>	<b>3 3,544,724,323</b>	<b>3,348,312,705</b>	<b>3,118,121,985</b>	<b>3,575,231,129</b>	<b>3,364,438,638</b>	<b>3,023,455,260</b>

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020, DECEMBER 31, 2019 AND JANUARY 1, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht					
		Consolidated			Separate Financial Statements		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2020	2019	2019	2020	2019	2019
			(Restated)	(Restated)		(Restated)	(Restated)
Note							
<b>CURRENT LIABILITIES</b>							
Bank overdrafts and short-term borrowings from financial institutions	9, 12, 15	601,834,706	522,479,788	490,842,264	601,834,706	519,688,659	486,873,276
Factoring payables	6	87,460,976	108,199,346	113,415,604	87,460,976	108,199,346	113,415,604
Trade payables		215,152,727	153,076,755	189,372,568	212,063,029	153,076,755	189,372,568
Other payables - related party	5	-	-	1,849,166	6,726,142	-	1,901,666
Short-term loans from and interest payable to related parties	5	54,178,113	-	-	82,746,223	49,492,553	40,237,808
Short-term loans from other parties	16	210,078,200	197,994,738	283,176,715	210,078,200	177,994,738	164,216,455
Current portion of long-term borrowings	12, 20	40,372,434	27,630,545	18,339,719	40,372,434	25,114,956	13,205,226
Current portion of debentures	18	379,024,689	605,685,000	-	379,024,689	605,685,000	-
Current portion of lease liabilities	2, 21	2,318,268	1,375,377	2,972,968	2,318,268	1,375,377	2,972,968
Income tax payable		8,032,020	5,847,748	12,612,643	1,117,341	5,602,816	12,612,643
Accrued expenses and other current liabilities	17	74,601,537	53,732,892	68,667,185	70,283,034	52,717,293	66,450,134
<b>Total Current Liabilities</b>		<b>1,673,053,670</b>	<b>1,676,022,189</b>	<b>1,181,248,832</b>	<b>1,694,025,042</b>	<b>1,698,947,493</b>	<b>1,091,258,348</b>
<b>NON-CURRENT LIABILITIES</b>							
Long-term borrowings - net	12, 20	45,599,452	41,826,198	31,757,440	45,599,452	41,826,198	31,757,441
Debentures - net	18	571,163,847	375,114,628	688,638,008	571,163,847	375,114,628	688,638,008
Lease liabilities - net	2, 21	1,289,092	1,137,298	2,436,263	1,289,092	1,137,298	2,436,263
Deferred tax liabilities	3, 25	2,222,293	1,840,075	2,252,399	2,222,293	1,840,075	2,252,399
Liability for post-employment benefits	19	11,614,301	10,687,390	6,793,256	11,614,301	10,687,390	6,793,256
<b>Total Non-Current Liabilities</b>		<b>631,888,985</b>	<b>430,605,589</b>	<b>731,877,366</b>	<b>631,888,985</b>	<b>430,605,589</b>	<b>731,877,367</b>
<b>Total Liabilities</b>	<b>3</b>	<b>2,304,942,655</b>	<b>2,106,627,778</b>	<b>1,913,126,198</b>	<b>2,325,914,027</b>	<b>2,129,553,082</b>	<b>1,823,135,715</b>



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020, DECEMBER 31, 2019 AND JANUARY 1, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht					
		Consolidated			Separate Financial Statements		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2020	2019	2019	2020	2019	2019
			(Restated)	(Restated)		(Restated)	(Restated)
Note							
<b>SHAREHOLDERS' EQUITY</b>							
Authorized share capital - 1,196,646,188 common shares in 2020 and 1,249,848,363 common shares in 2019, and 1,416,549,076 common shares in 2018, Baht 0.25 par value							
22		299,161,547	312,462,090	354,137,269	299,161,547	312,462,090	354,137,269
Issued and paid-up share capital - 959,487,557 common shares in 2020 and in 2019 and 959,405,082 common shares in 2018, Baht 0.25 par value							
22		239,871,889	239,871,889	239,851,271	239,871,889	239,871,889	239,851,271
22		768,342,199	768,342,199	768,115,392	768,342,199	768,342,199	768,115,392
Premium on shares							
Retained earnings							
- Appropriated for legal reserve	23	28,950,000	27,400,000	25,600,000	28,950,000	27,400,000	25,600,000
- Unappropriated		430,840,442	407,253,316	369,446,920	429,544,810	416,663,264	384,394,677
Total		1,468,004,530	1,442,867,404	1,403,013,583	1,466,708,898	1,452,277,352	1,417,961,340
Other components of equity	3	(235,503,587)	(221,549,509)	(219,401,508)	(217,391,796)	(217,391,796)	(217,641,795)
Equity attributable to Owners of the Parent		1,232,500,943	1,221,317,895	1,183,612,075	1,249,317,102	1,234,885,556	1,200,319,545
Non-controlling interests		7,280,725	20,367,032	21,383,712	-	-	-
Total Shareholders' Equity	3	1,239,781,668	1,241,684,927	1,204,995,787	1,249,317,102	1,234,885,556	1,200,319,545
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,544,724,323</b>	<b>3,348,312,705</b>	<b>3,118,121,985</b>	<b>3,575,231,129</b>	<b>3,364,438,638</b>	<b>3,023,455,260</b>

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

		In Baht			
		Consolidated		Separate Financial Statements	
	Note	2020	2019 (Restated)	2020	2019 (Restated)
<b>REVENUES</b>					
Net sales	5	1,384,485,110	1,254,183,512	1,363,675,799	1,251,506,206
Other income					
- Sales of production scraps and supplies		11,994,600	12,312,562	11,994,600	12,312,562
- Interest income	5	7,656,367	10,131,773	12,460,338	7,743,418
- Gain on sales of non-current asset held for sale	11	6,171,006	-	-	-
- Gain on sales of fixed assets	5	-	7,153,915	-	7,116,701
- Others	5	4,759,768	6,813,401	4,724,423	5,715,957
Gain on exchange rate		560,772	344,203	571,460	413,838
<b>Total Revenues</b>		<b>1,415,627,623</b>	<b>1,290,939,366</b>	<b>1,393,426,620</b>	<b>1,284,808,682</b>
<b>EXPENSES</b>					
Cost of sales	3, 5, 7, 19	1,077,228,060	851,544,512	1,069,056,386	849,801,769
Distribution costs	5	61,608,355	74,824,253	48,549,136	74,381,672
Administrative expenses	3, 5, 12, 14, 19, 24	134,234,987	183,534,690	124,245,709	176,944,173
Other expenses	10	18,128,063	-	-	-
<b>Total Expenses</b>		<b>1,291,199,465</b>	<b>1,109,903,455</b>	<b>1,241,851,231</b>	<b>1,101,127,614</b>
<b>Profit from Operating Activities</b>		<b>124,428,158</b>	<b>181,035,911</b>	<b>151,575,389</b>	<b>183,681,068</b>
<b>Gain on Sales of Rights in Trade Receivables and Product Brand</b>	6	18,796,156	-	18,796,156	-
<b>Finance Costs</b>	5, 21	(132,918,147)	(115,434,466)	(134,307,064)	(112,228,288)
<b>Share of Profit from Investment in Associate and Joint Venture</b>	11	35,141,738	10,757,000	-	-
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	3	45,447,905	76,358,445	36,064,481	71,452,780
<b>Income Tax Expense</b>	3, 19, 25, 28	(13,795,295)	(7,488,701)	(5,609,640)	(7,104,165)
<b>PROFIT FOR THE YEAR</b>	3	<b>31,652,610</b>	<b>68,869,744</b>	<b>30,454,841</b>	<b>64,348,615</b>

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2020	2019 (Restated)	2020	2019 (Restated)
<b>Other Comprehensive Loss for the Year</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
- Actuarial loss on remeasurement of liability for post-employment benefits (net of income tax effect by Baht 256,977 in 2019)	19	-	(1,027,909)	-	(1,027,909)
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Share of other comprehensive loss from associate	11	(13,954,078)	(2,398,000)	-	-
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(13,954,078)</u>	<u>(3,425,909)</u>	<u>-</u>	<u>(1,027,909)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	3	<u>17,698,532</u>	<u>65,443,835</u>	<u>30,454,841</u>	<u>63,320,706</u>
<b>Profit (Loss) Attributable to:</b>					
Owners of the parent	3	41,160,421	69,886,424	30,454,841	64,348,615
Non-controlling interests		<u>(9,507,811)</u>	<u>(1,016,680)</u>	<u>-</u>	<u>-</u>
<b>Profit for the Year</b>		<u>31,652,610</u>	<u>68,869,744</u>	<u>30,454,841</u>	<u>64,348,615</u>
<b>Total Comprehensive Income (Loss) Attributable to:</b>					
Owners of the parent	3	27,206,343	66,460,515	30,454,841	63,320,706
Non-controlling interests		<u>(9,507,811)</u>	<u>(1,016,680)</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the Year</b>		<u>17,698,532</u>	<u>65,443,835</u>	<u>30,454,841</u>	<u>63,320,706</u>
<b>Basic Earnings per Share</b>	3, 26	<u>0.0429</u>	<u>0.0728</u>	<u>0.0317</u>	<u>0.0670</u>
<b>Diluted Earnings per Share</b>	3, 26	<u>0.0429</u>	<u>0.0728</u>	<u>0.0317</u>	<u>0.0670</u>

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Note	In Baht										
		Consolidated										
		Other Components of Equity										
		Retained Earnings		Surplus on Business		Share of Other Comprehensive Loss from Associate		Loss on Change in Proportion of Investment in Subsidiary		Total Other Components of Equity		Equity Attributable to Owners of the Parent
		Issued and Paid-up Share Capital	Premium on Shares	Appropriated for Legal Reserve	Unappropriated	Revaluation Surplus on Assets - Net	Combination under Common Control					
<b>Beginning balance as at January 1, 2019</b>												
Balance previously reported	3	239,851,271	768,115,392	25,600,000	369,446,920	242,324,923	(217,641,795)	(1,335,713)	22,923,415	1,425,936,998	21,383,712	1,447,320,710
Adjustment pertaining to accounting change		-	-	-	-	(242,324,923)	-	-	(242,324,923)	(242,324,923)	-	(242,324,923)
Balance as adjusted		239,851,271	768,115,392	25,600,000	369,446,920	-	(217,641,795)	(1,335,713)	(219,401,508)	1,183,612,075	21,383,712	1,204,995,787
Appropriation for legal reserve	23	-	-	1,800,000	(1,800,000)	-	-	-	-	(29,002,120)	-	(29,002,120)
Payment of dividends	27	-	-	-	(29,002,120)	-	-	-	-	247,425	-	247,425
Proceeds from increase in share capital	22	20,618	226,807	-	-	-	-	-	(2,148,001)	66,460,515	(1,016,680)	65,443,835
Total comprehensive income for the year		-	-	-	68,608,516	-	249,999	-	(2,398,000)	1,221,317,895	20,367,032	1,241,684,927
<b>Ending balance as at December 31, 2019</b>		239,871,889	768,342,199	27,400,000	407,253,316	-	(217,391,796)	(1,335,713)	(221,549,509)	1,221,317,895	-	-
Appropriation for legal reserve	23	-	-	1,550,000	(1,550,000)	-	-	-	-	(16,023,295)	-	(16,023,295)
Payment of interim dividends	27	-	-	-	(16,023,295)	-	-	-	-	-	(3,578,496)	(3,578,496)
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	27,206,343	(9,507,811)	17,698,532
Total comprehensive income for the year		-	-	-	41,160,421	-	-	-	(13,954,078)	27,206,343	7,280,725	1,239,781,668
<b>Ending balance as at December 31, 2020</b>		239,871,889	768,342,199	28,950,000	430,840,442	-	(217,391,796)	(1,335,713)	(235,503,587)	1,232,500,943	-	-

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

		In Baht									
		Separate Financial Statements									
		Retained Earnings					Other Components of Equity				
		Issued and Paid-up Share Capital	Premium on Shares	Appropriated for Legal Reserve	Unappropriated	Total	Revaluation Surplus on Assets - Net	Surplus on Business Combination under Common Control	Total Other Components of Equity	Total Shareholders' Equity	
<b>Beginning balance as at January 1, 2019</b>											
	Balance previously reported	239,851,271	768,115,392	25,600,000	384,394,677	1,417,961,340	242,324,923	(217,641,795)	24,683,128	1,442,644,468	
	Adjustment pertaining to accounting change	-	-	-	-	-	(242,324,923)	-	(242,324,923)	(242,324,923)	
	Balance as adjusted	239,851,271	768,115,392	25,600,000	384,394,677	1,417,961,340	-	(217,641,795)	(217,641,795)	1,200,319,545	
	Payment of dividends	-	-	-	(29,002,120)	(29,002,120)	-	-	-	(29,002,120)	
	Appropriation for legal reserve	-	-	1,800,000	(1,800,000)	-	-	-	-	-	
	Proceeds from increase in share capital	20,618	226,807	-	-	247,425	-	-	-	247,425	
	Total comprehensive income for the year	-	-	-	63,070,707	63,070,707	-	249,999	249,999	63,320,706	
	<b>Ending balance as at December 31, 2019</b>	239,871,889	768,342,199	27,400,000	416,663,264	1,452,277,352	-	(217,391,796)	(217,391,796)	1,234,885,556	
	Appropriation for legal reserve	-	-	1,550,000	(1,550,000)	-	-	-	-	-	
	Payment of interim dividends	-	-	-	(16,023,295)	(16,023,295)	-	-	-	(16,023,295)	
	Total comprehensive income for the year	-	-	-	30,454,841	30,454,841	-	-	-	30,454,841	
	<b>Ending balance as at December 31, 2020</b>	239,871,889	768,342,199	28,950,000	429,544,810	1,466,708,898	-	(217,391,796)	(217,391,796)	1,249,317,102	

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	In Baht			
	Consolidated		Separate Financial Statements	
	2020	2019 (Restated)	2020	2019 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the year	31,652,610	68,869,744	30,454,841	64,348,615
Adjustments				
Income tax expense	13,795,295	7,488,701	5,609,640	7,104,165
Depreciation and amortization	44,046,590	39,965,151	43,885,527	39,408,617
Gain on sales of rights in trade receivables and product brand	(18,796,156)	-	(18,796,156)	-
Loss (reversal of loss) on impairment of trade receivables and other receivables	(2,407,766)	23,344,893	(3,052,181)	22,831,534
Expenses on post-employment benefits	926,911	2,609,248	926,911	2,609,248
Loss on allowance for diminution in value of inventories	453,833	1,421,174	453,833	1,421,174
Share of profit from investment in associate and joint venture	(31,974,367)	(10,757,000)	-	-
Loss (gain) on valuation of fair value of derivatives	4,043	(108)	4,043	(108)
Unrealized loss (gain) on exchange rate	(112,519)	197,311	(124,727)	197,311
Gain on sales of fixed assets	-	(7,153,915)	-	(7,116,701)
Gain on sales of non-current asset held for sale	(6,171,006)	-	-	-
Loss on sales of intangible assets	-	264,733	-	-
Loss on written-off assets	18,436,272	3,180,136	70,070	2,831,635
Gain on sales of current investment	-	(212,498)	-	(212,498)
Interest income	(7,656,367)	(10,131,773)	(12,460,338)	(7,743,418)
Interest expense	132,918,147	115,434,466	134,307,064	112,228,288
Decrease (increase) in operating assets				
Trade receivables	(85,027,227)	25,870,401	(100,816,312)	25,176,682
Receivable from sales of rights	7,000,000	-	7,000,000	-
Inventories	8,711,993	(208,588,250)	8,618,207	(209,531,875)
Other current assets	(6,959,863)	(13,865,592)	(6,147,114)	(19,020,235)
Intangible assets	-	931,500	-	-
Other non-current assets	(5,653,062)	(18,064,868)	(5,644,953)	1,751,418
Increase (decrease) in operating liabilities				
Trade payables	62,117,380	(36,286,092)	59,027,682	(36,286,092)
Other payables - related parties	-	(1,849,166)	6,726,142	(1,901,666)
Accrued expenses and other current liabilities	5,803,774	(21,762,747)	2,512,662	(20,410,610)
Net Cash Flows Provided by (Used in) Operating	161,108,515	(39,094,551)	152,554,841	(22,314,516)
Income tax paid	(7,525,215)	(19,798,949)	(6,009,077)	(19,659,345)
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>153,583,300</b>	<b>(58,893,500)</b>	<b>146,545,764</b>	<b>(41,973,861)</b>

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	In Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in restricted deposits at banks	42,058,129	(20,840,708)	42,058,129	(20,840,708)
Decrease (increase) in short-term loans to related parties	13,760,134	326,000	(149,000,000)	(12,074,470)
Collections on other installment receivables	24,975,018	-	24,975,018	-
Decrease (increase) in short-term loans to other parties	(39,000,000)	65,000,000	(35,000,000)	-
Decrease (increase) in current investment	9,978,684	(120,000,000)	9,978,684	(120,000,000)
Proceeds from sales of current investment	-	175,212,498	-	175,212,498
Increase in investment in subsidiary	-	-	-	(140,000,000)
Increase in investment in associate	(230,355,222)	(14,049,600)	-	-
Increase in deposit for investment project	-	(25,000,000)	-	(25,000,000)
Decrease (increase) in advance for purchase of investment	25,000,000	(95,000,000)	25,000,000	(95,000,000)
Decrease (increase) in advances for share subscription	-	(28,750,000)	78,375,000	-
Additions to plant and equipment	(99,979,655)	(56,216,719)	(99,979,657)	(52,633,348)
Additions to intangible assets	-	(424,672)	-	(424,672)
Proceeds from sale of non-current asset held for sale	233,882,006	-	-	-
Proceeds from sales of equipment	-	8,897,308	-	7,327,103
Dividends received	11,393,824	-	-	-
Interest received	3,798,689	15,009,485	3,725,755	10,997,087
<b>Net Cash Flows Used in Investing Activities</b>	<b>(4,488,393)</b>	<b>(95,836,408)</b>	<b>(99,867,071)</b>	<b>(272,436,510)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bank overdrafts and short-term borrowings from financial institutions	79,558,387	31,637,523	82,349,516	32,815,383
Decrease in factoring payables	(20,738,370)	(5,216,258)	(20,738,370)	(5,216,258)
Increase (decrease) in short-term loans from other parties	15,346,278	(86,000,000)	35,346,278	14,000,000
Increase in short-term loans from related parties	53,500,000	-	32,300,000	8,700,000
Decrease in lease liabilities	(2,779,346)	(2,896,556)	(2,779,346)	(2,896,556)
Increase in long-term borrowings	50,000,000	39,590,000	50,000,000	39,590,000
Repayments of long-term borrowings	(33,484,857)	(20,230,416)	(30,969,268)	(17,611,513)
Issuance of debentures	581,100,000	380,200,000	581,100,000	380,200,000
Redemption of debentures	(609,800,000)	(90,100,000)	(609,800,000)	(90,100,000)
Debenture issuance costs	(14,375,445)	(7,802,000)	(14,375,445)	(7,802,000)
Proceeds from increase in share capital	-	247,425	-	247,425
Decrease in non-controlling interests	(3,578,496)	-	-	-
Dividends and interim dividends paid	(16,023,295)	(29,002,120)	(16,023,295)	(29,002,120)
Interest paid	(124,736,566)	(103,996,086)	(125,849,511)	(101,425,588)
<b>Net Cash Flows Provided by (Used in) Financing Activities</b>	<b>(46,011,710)</b>	<b>106,431,512</b>	<b>(39,439,441)</b>	<b>221,498,773</b>

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	In Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	103,083,197	(48,298,396)	7,239,252	(92,911,598)
<b>Cash and Cash Equivalents at Beginning of Year</b>	84,060,553	132,358,949	5,523,978	98,435,576
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>187,143,750</u>	<u>84,060,553</u>	<u>12,763,230</u>	<u>5,523,978</u>
<b>Supplementary disclosures of cash flow information:</b>				
<b>a. Cash and cash equivalents at end of year</b>				
Cash in hand	420,385	621,707	310,385	405,199
Current accounts at banks	176,210,828	11,919,375	2,820,045	3,984,365
Savings deposits at banks	5,966,830	71,059,996	5,087,093	674,939
Short-term fixed deposit at bank	4,545,707	459,475	4,545,707	459,475
Total	<u>187,143,750</u>	<u>84,060,553</u>	<u>12,763,230</u>	<u>5,523,978</u>
<b>b. Non-cash transactions</b>				
Purchases of equipment by means of payables	17,007,738	5,122,000	17,007,738	5,122,000
Interest on long-term loan capitalized as cost of fixed assets	-	965,736	-	965,736
Transfer of trade receivables to receivables from sales of rights	55,000,000	-	55,000,000	-
Transfer of non-current assets to fixed assets	2,310,000	-	2,310,000	-
Transfer of fixed assets to right-of-use assets	4,003,233	-	4,003,233	-
Transfer of fixed assets to intangible assets	950,000	-	950,000	-
Initial recognition of right-of-use assets and lease liabilities	1,873,520	-	1,873,520	-
Increase in right-of-use assets by new hire purchase agreements	2,000,511	-	2,000,511	-
Transfer of investment in joint venture to non-current asset held for sale	227,711,000	-	-	-
Transfer of advances for share subscription to investment in associate	78,750,000	-	-	-
Transfer of loan to related person to advances for share subscription	-	50,000,000	-	50,000,000
Transfer of loan to other party and interest receivable to other installment receivables	-	58,304,246	-	58,304,246
<b>c. Supplementary disclosures of cash flow information</b>				
Total cash outflow for leases	2,949,564	-	2,949,564	-

The accompanying notes are an integral part of these financial statements.



**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**1. GENERAL**

East Coast Furnitech Public Company Limited (“the Company”), formerly East Coast Furnitech Co., Ltd., was registered as a limited company in Thailand on October 12, 1999. The Company was transformed from being juristic person as a limited company under the Civil and Commercial Code to a limited public company under the Public Limited Companies Act B.E. 2535 on October 18, 2012 and was registered in the Market for Alternative Investment on March 26, 2013. The Company is engaged in manufacturing and sales of self-assembled furniture made from particle board, rubber wood furniture, dried sawn lumbers, laminating papers, and furniture-decorating supplies for domestic and international markets.

The Company’s head office is located at 37/9 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 2 which comprises branch located in Pathumthani and Rayong.

VV-Décor Co., Ltd. (“VVD”), the subsidiary of which shares are held at 99.95% by the Company, was registered a limited company in Thailand on May 11, 2011 and is engaged in sales of laminating papers and furniture-decorating supplies in domestic market. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lamlukka, Pathumthani.

ECF Holdings Co., Ltd. (“ECF-H”), the subsidiary of which shares are held at 75% by the Company, was registered a limited company in Thailand on February 23, 2015 and is engaged in sales of sundry goods imported from abroad and furniture through sale agents in local. The registered office of the subsidiary is located at 37/4 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

ECF Power Co., Ltd. (“ECF-P”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on January 16, 2017 and is engaged as holding company in energy business e.g. biomass or solar energy. The registered office of the subsidiary is located at 37/7 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

Planet Board Co., Ltd. (“PNB”), the subsidiary of which shares are held at 57% by the Company, was registered a limited company in Thailand on December 19, 2017 whereby PNB is during the set up and arrangement of the new business plan to replace the previous manufacturing and sales of wood-base panel, i.e. MDF board and particle board. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lamlukka, Pathumthani.

**2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION**

The accompanying financial statements are prepared in Thai Baht, which is core functional currency of the Company, and are in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

The consolidated financial statements for the years ended December 31, 2020 and 2019 included the accounts of the Company and its subsidiaries (“the Group”) in which the Company has the controlling power or direct / indirect shareholding as follows:

Name of Subsidiaries	Type of Business	Country of Incorporation and Operation	Percentage of Shareholding	
			2020	2019
VV-Décor Co., Ltd.	Sales of laminating papers and furniture- decorating supplies	Thailand	99.95	99.95
ECF Holdings Co., Ltd.	Sales of sundry goods imported from abroad and furniture	Thailand	75.00	75.00
ECF Power Co., Ltd.	Holding company in energy business	Thailand	99.99	99.99
Planet Board Co., Ltd	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board (see Note 1)	Thailand	57.00	57.00

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

Starting from January 1, 2020, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), newly issued and revised by TFAC, which became effective from the accounting period starting on or after January 1, 2020. The aforesaid adoption of newly issued and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statement of the Group, except:

*TFRS 9 and other related standards*

TFRS 9 specifies the methods that the entity shall classify and measure its financial assets, financial liabilities, and contracts to purchase or sell the non-financial items. TFRS 9 is divided into the following three parts:

1. Classification and measurement
2. Impairment
3. Hedge accounting

Thus, TFRS 9 affects the Group to classify and measure its financial assets and financial liabilities in statement of financial position of 2020 as well as recognizing impairment for the expected credit loss of financial assets with respect to the principle discussed in the section of significant accounting policies.

As at December 31, 2019, there was no material effect from measurement of financial assets and financial liabilities. In addition, no restatement on the figures of comparative information of previous periods has been made in relation to classification and measurement because the Group exercised the option of modified retrospective adjustment by recognizing the cumulative effect from the first-time adoption of TFRS 9 at the date of initial application (January 1, 2020).

In addition, as at December 31, 2019, the effect of impairment from expected credit loss was immaterial and no restatement on the figures of comparative information of previous periods has been made because

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

the Group exercised the option of modified retrospective adjustment by recognizing the cumulative effect from the first-time adoption of TFRS 9 at the date of initial application (January 1, 2020).

**TFRS 16**

TFRS 16 specifies that lessee shall recognize right-of-use asset and lease liability for all lease agreements with the present value or discounted cash flows of payments throughout the lease term whereby the discount rate shall be considered appropriate in situation and to the entity. However, there is exception for short-term lease agreement (not exceeding 12-month period) or lease agreement for the underlying low-value asset whereby payments under the lease are able to be accounted for as expense. Right-of-use asset shall be depreciated by straight-line method over the lease term. Deferred interest, presented as deduction to lease liability, is amortized as finance cost over the lease term by the effective interest rate method. Each installment payment under the lease liability shall be separated into parts of principal and interest.

For lessor, classification and accounting for operating lease or finance lease is still required as previously applied. Therefore, there is no significant change or effect on the lessor.

TFRS 16 affects the Group to recognize right-of-use assets (non-current asset) and lease liabilities for the lease of vehicles (non-current liability) whereby the remaining lease term as at December 31, 2019 is 18 months and 29 months. The balances of non-current asset and non-current liability in the consolidated and separate statements of financial position as at December 31, 2019 increased from those previously reported of approximately Baht 1.87 million whereas the effect to the consolidated and separate statements of comprehensive income is immaterial. In addition, the Company transferred its fixed assets (vehicles) of which carrying amount of approximately Baht 4.00 million as at January 1, 2020 to present as part of carrying amount of the right-of-use assets as at that date (see Notes 13 and 21).

The weighted average incremental borrowing rate that is used in determining the discounted cash flows by the Group is 6.025% p.a. In addition, no restatement on the figures of comparative information of previous periods has been made because the Group exercised the option of modified retrospective adjustment by recognizing the cumulative effect from the first-time adoption of TFRS 16 at the date of initial application (January 1, 2020).

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

TFAC issued several Notifications which were announced in the Royal Gazette during 2020 regarding the revision of TAS and TFRS as well as TSIC and TFRIC with effective from the accounting period starting on or after January 1, 2021 whereby the Group had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such revised TAS and TFRS as well as TSIC and TFRIC are as follows:

- TFRSs that are revised with reference to the revision of the Conceptual Framework for Financial Reporting i.e. TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22, TSIC 32. Revision of the Conceptual Framework for Financial Reporting comprised of the updated definitions of assets and liabilities, the updated basis of inclusion of assets and liabilities in the financial statements as well as the newly added principles and guidance as follows:
  - Measurement that includes factors for considering the measurement basis;
  - Presentation and disclosures of information that includes when the reclassification of revenues and expenses in other comprehensive income is required;
  - The reporting entities;
  - When the assets and liabilities shall be derecognized from the financial statements.

The Conceptual Framework also clearly explains more about the role of management's ability in overseeing the entity's economic resources, prudence and uncertainty in measurements for financial reporting.

- TFRS that is revised attributable to the revision of definition of business i.e. TFRS 3 whereby the revision is aimed for helping the entity to determine whether the transaction shall be accounted for as "business combination" or "acquisition of assets".
- TFRSs that are revised attributable to the revision of definition of materiality i.e. TAS 1, TAS 8, TAS 10, TAS 34, TAS 37 whereby the revision is aimed for more understanding in the definition of materiality.
- TFRSs that are revised attributable to the revision for IBOR reformation i.e. TFRS 7, TFRS 9 whereby the revision relates to change in certain provisions of hedge accounting in order to relief the impacts from uncertainties caused by IBOR reformation, e.g. Interbank offer rates - IBOR. In addition, the revision requires the entity to disclose additional information to the investors about the relationships of hedging activities that are directly affected by such uncertainties.

The Group's management has preliminarily assessed and believed that there will be no material effect to the Group's financial statements upon adoption of the aforesaid revised TAS and TFRS as well as TSIC and TFRIC.

The Group disclosed information for the year ended December 31, 2019 for being the comparative information in the financial statements for the year ended December 31, 2020 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**3. CHANGE IN ACCOUNTING POLICY**

Starting from January 1 2020, the Company has changed its accounting policy with respect of the valuation of its land, buildings and machinery from revaluation model to cost model (approved by the Company's Board of Directors on March 30, 2020) which is allowed under TFAC's Announcement No. 18/2554 dated April 12, 2011, "Accounting Guidance on Revaluation of Assets". Key rationales of such change in the accounting policy related to (1) possible practice and elimination of difficulties as well as significant undue costs in book closure under uniformity of the accounting policy of entities in the Group and (2) the Company's management considered that adoption of cost model shall be in line with the similar industry practice and give more clarity and appropriateness in reflection of management ability and financial performance of the Company as compared to revaluation model. Accordingly, the Company retrospectively adjusted the prior period financial statements, presented herein for comparative purpose, presuming as to the Company had previously accounted for and valued its land, buildings and machinery by the cost model. Such retrospectively adjustments have effects to certain significant items in the prior period financial statements, presented herein for comparative purpose, as follows:

	Consolidated and Separate Financial Statements Increase (Decrease) - Baht	
	January 1, 2019	December 31, 2019
<i>Statements of Financial Position as at</i>		
Asset revaluation surplus - net / Total assets	( 277,409,294)	( 242,661,257)
Deferred tax liabilities / Total liabilities	( 35,084,371)	( 29,937,142)
Other components of equity / Total shareholders' equity	( 242,324,923)	( 212,724,115)
<i>Statement of Comprehensive Income for the year ended December 31, 2019</i>		
Cost of sales		( 33,183,638)
Administrative expenses		( 1,324,873)
Profit before income tax expense		34,508,511
Income tax expense		4,907,703
Profit and Total comprehensive income for the year		29,600,808
Profit and Total comprehensive income attributable to owners of the parent		29,600,808
Basic earnings per share and Diluted earnings per share		0.0308
<i>Statements of Changes in Shareholders' Equity for the years ended December 31, 2020 and 2019</i>		
Asset revaluation surplus - net as at January 1, 2019		( 242,324,923)
Asset revaluation surplus - net as at January 1, 2020		( 212,724,115)
Transfer to retained earnings (2019)		( 29,600,808)
Total comprehensive income for the year to retained earnings (2019)		29,600,808
<i>Statement of Cash Flows for the year ended December 31, 2019</i>		
Profit for the year		29,600,808
Income tax expense		4,907,703
Depreciation and amortization		( 34,508,511)

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**4. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies as well as the variable returns of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, investment retained in the former subsidiary is measured at its fair value while any gain or loss is recognized in the statement of comprehensive income.

**Foreign Currencies**

*Transactions in foreign currencies*

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

**Investment in Associate and Joint Venture**

Investment in associate and joint venture in the consolidated financial statements is accounted for using the equity method.

Associate is the entity in which the Company or the Group has significant influence, but not control, over the financial and operating policies. Joint venture is joint arrangement in the entity in which the Company or the Group has joint control among other venturers in that entity. The consolidated financial statements of the Group include share of profit or loss of associate and joint venture, on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the share of loss exceeds its interest in any associate and joint venture, the investment in such associate and joint venture shall be reduced to nil and recognition of further loss shall be ceased except to the extent that the Company or the Group has legal or constructive obligations or consents to settle the obligations on behalf of the associate and joint venture.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**Current Investment**

Current investment in unit trusts which is held by the Company as trading and stated at fair value. Gains or losses arising from changes in the fair value of investment or sales of investment are included as profit or loss in statement of comprehensive income. In case the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold and the part still remained is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Fair value of unit trusts is determined from the net asset value of mutual fund that issued the particular unit trust which is the Level 1 inputs of the fair value hierarchy.

Current investment in short-term bill of exchange (debt securities) that is held to maturity is stated at amortized cost net of allowance for impairment (if any).

**Use of Estimates**

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for impairment of trade receivables and other receivables as well as loan receivables
- Net realizable value and allowance for losses on diminution in value of inventories
- Allowance for impairment of plant and equipment
- Useful lives and residual values of building and equipment, right-of-use assets and intangible assets
- Consideration for the renewal option of leases and discount rate of lease liabilities
- Expected periods and amounts that deferred tax assets will be realized
- Assumptions used in calculation and estimate of liability for post-employment benefits
- Fair values and fair value measurements of financial assets, financial liabilities and other financial instruments.

About the pandemic of Coronavirus Disease 2019 (COVID-19), the Group's management has after the situation and continuously assessed the impacts from such matter. However, the COVID-19 situation is highly uncertain and may affect, whether directly or indirectly, to the environment of business operations of the Group as well as estimates and judgements used for assessing values of assets, liabilities or provisions and contingent liabilities in the financial statements that are changeable depending on the assessment of COVID-19 situation in each period done by the Group's management.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at banks or being collateral were separately presented as "Restricted deposits at banks" under non-current assets in the statements of financial position.

**Trade Receivables, Other Receivables, and Allowance for impairment (2020) /Allowance for Doubtful Accounts (2019)**

Trade and other receivables are carried at original invoice amount or at the accrued amount net of allowance for impairment/allowance for doubtful accounts.

The Group provides allowance for impairment in accordance with the policy as discussed in the section of financial instruments.

The Group provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on the historical collection experience coupled with the review of current status of the existing receivables.

**Inventories**

Inventories are valued at the lower of cost net of allowance for diminution in value of obsolete and slow-moving inventories and net realizable value. Cost is calculated and determined using the First-In, First-Out method.

Costs of inventories comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on the normal capacity of production facilities

Net realizable value is the estimate of the selling price in the ordinary course of business less necessary costs to sell.

The Group determines the allowance for diminution in value of obsolete and slow-moving inventories based on the consideration of the inventory condition and the historical experiences.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**Property, Plant and Equipment**

Land, building and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each significant part of an item of assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

	<u>No. of Years</u>
Land improvement	5
Building and building improvement	5 and 20
Machinery and equipment	3 - 15
Electric system	5
Furniture, fixtures and office equipment	5
Showroom equipment	3
Vehicles	5
Utilities	5

No depreciation has been charged for land and assets under construction or installation.

**Right-of-use Asset**

The Group measures right-of-use asset at cost less accumulated depreciation and allowance for impairment (if any) with adjustment pertaining to re-measurement of lease liabilities (if any).

At the commencement date, cost of the right-of-use asset comprised (1) the amount of initial measurement of lease liability, (2) lease payments made at or before the commencement date, less any lease incentives received, (3) initial direct costs incurred by the lessee (if any) and (4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (if any and being material).

Depreciation is charged as expense in profit or loss and calculated by the straight-line method attributable to the related lease terms as follows:

	<u>Period</u>
Vehicles and equipment	18 - 60 months

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**Intangible Assets**

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 5 years.

*Amortization*

Amortization is charged as part of distribution costs and administrative expenses in the statement of comprehensive income on the straight-line method over the useful life of each type of intangible asset. Intangible assets with an indefinite useful life (if any) are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at least at each financial year-end and adjusted if appropriate.

**Impairment of Non-financial Assets**

The carrying amounts of the assets of the Group are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less cost to sell or value in use) shall be estimated and reviewed. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment loss by reducing the carrying amount of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**Lease Liability**

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group's incremental borrowing rates (average interest rates on borrowings with similar term and characteristics to the underlying asset) shall be used. The lease payments that are not paid comprised (1) fixed payments (less any lease incentives receivable), (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (if any), (3) amounts expected to be payable under residual value guarantees (if any), (4) exercise price of a purchase option if it is reasonably certain to exercise that option (if any) and (5) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease (if any).

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

After the commencement date, the Group measures the lease liability by (1) increasing the carrying amount to reflect interest on the lease liability (if any), (2) reducing the carrying amount to reflect the lease payments made (if any) and (3) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments (if any). Interest on lease liability and variable lease payments not included in the measurement of the lease liability (if any) is charged as expense in profit or loss.

Lease fees attributable to short-term lease (not exceeding 12 months from commencement date) and lease of low-value asset are charged as expense in profit or loss.

**Employee Benefits**

*Short-term benefits*

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

*Post-employment benefits*

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed or at least every three years by the qualified actuary. Expenses from the liability for post-employment benefits comprise past service cost, current service cost and interest cost which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss.

**Surplus on Business Combination under Common Control**

Business combination under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same persons, group of persons, entity, or group of entities both before and after the business combination, and that control is not transitory.

Unrealized gain or loss on internal restructuring of the entities under common control is the difference between the carrying amounts of the obtained assets and the purchase costs of the assets incurred on internal restructuring of the entity of group of entities under common control whereby such purchase of assets is the combination of the entities under the same shareholders and management. Such unrealized gain or loss is presented as "Surplus on business combination under common control" which is separately presented under other components of equity in the statement of financial position. When the assets relating to surplus on business combination under common control are retired or disposed of, the corresponding surplus on business combination under common control is directly transferred to the unappropriated retained earnings.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**Revenue Recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer.

Sales are recognized, at a point in time, net of discounts and considerations paid to customer or buyer when delivery has taken place and transfer of risks and rewards of ownership as well as control of goods to the buyer has been completed.

Short-term service income is recognized, at a point in time, when the Company has completely rendered service and delivered to the customer and on an accrual basis.

Interest income is recognized, over time, on a time proportion basis that reflects the effective yield on the asset, if significant.

Rental income on operating lease is recognized over time on a straight-line basis over the lease term.

Dividend income is recognized at a point in time on the date the Group's right to receive payments is established which in the case of investment in quoted securities is usually the ex-dividend date. Dividends from investment in associate and joint venture are treat as capital return and, therefore, being a deduction to the value of investment accounted for using the equity method.

Other income is recognized on an accrual basis.

**Expense Recognition**

Other than the lease fees attributable to short-term lease and lease of low-value asset, other expenses are recognized on an accrual basis.

**Borrowing Costs**

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation are completed and ready for their intended use.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

**Financial instruments**

*Recognition and measurement*

The Group initially measures financial assets at fair value, plus transaction costs in case of financial assets that are not measured at fair value through profit or loss. Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

The Group initially measures financial liabilities at fair value net of transaction costs. Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

*Classification and measurement*

Assets classified and measured at amortized cost

- Cash and cash equivalents
- Restricted deposits at banks
- Investment in short-term debt securities
- Trade receivables
- Other receivables (including refundable advances and deposits or guarantees)
- Loan receivables

Assets classified and measured at fair value through other comprehensive income - none

Assets classified and measured at fair value through profit or loss

- Derivatives assets (other current assets)

Liabilities classified and measured at amortized cost

- Bank overdrafts and short-term borrowings
- Trade payables
- Other payables (including accruals and deposits or guarantees with payment condition)
- Long-term borrowings
- Debentures
- Lease liabilities

Liabilities classified and measured at fair value through profit or loss

- Derivatives liabilities (other current liabilities)

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

*Impairment*

Impairment loss (previously before 2020 was referred to as provision for doubtful account for certain items in the financial statements) from the expected credit loss of financial assets shall be recognized under General approach in the following stages:

- Stage 1 (performing): the 12-month expected credit loss shall be recognized in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount without netting the allowance for expected credit loss.
- Stage 2 (under-performing): upon significant rise in credit risk and not being at low level, the entity shall recognize the full lifetime expected credit loss in profit or loss. Interest income (if any) shall be calculated based on the same principle to Stage 1.
- Stage 3 (credit-impaired): upon significant rise in credit risk of financial asset that is considered as credit impaired, the entity shall recognize the full lifetime expected credit loss in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount net of the allowance for impairment.

For trade receivables and contract assets (e.g. accrued income), the entity is able to adopt Simplified approach by recognizing the full lifetime expected credit loss for financial assets considered as aforesaid. In consideration and measurement of expected credit loss for both General approach and Simplified approach, the historical credit loss shall be combined with the forward looking information pertaining to the assets and significant factors relating to economic environment.

For receivables, loan receivables and investment in short-term debt securities, the Group categorized the population by focusing on aging balance information whereby the past records were captured for historical credit loss approximately 1 year. However, the Group had exercised certain mitigating measure indicated in the accounting guidance for Temporary Mitigating Policies for Alternative Accounting on the Effects from Pandemic Situation of the Coronavirus 2019 (COVID-19), issued by TFAC in April 2020 (within effective only in 2020). Such mitigating measure related to exemption from combining forward looking information for the assets adopted the Simplified approach on consideration and measurement of the expected credit loss.

*Hedge accounting*

Hedge accounting is aimed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. Relationships and related accounting treatment of hedge accounting are divided into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Derivative financial instruments are used to manage fair value risk exposed by change in foreign exchange rates arising from operating activities. Derivatives are not intended to use for trading purpose. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value and then are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized as profit or loss.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

The fair value of derivatives is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

**Provisions**

A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Income Tax**

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current tax and deferred tax.

*Current tax*

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Earnings per Share**

Basic earnings per share is determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year whereas diluted earnings per share is determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**5. TRANSACTIONS WITH RELATED PARTIES**

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

Name of Companies / Persons	Type of Business	Type of Relationship
VV-Décor Co., Ltd.	Sales of laminating papers and furniture-decorating supplies	Subsidiary
ECF Holdings Co., Ltd.	Sales of sundry goods imported from abroad and furniture	Subsidiary
ECF Power Co., Ltd.	Holding company in energy business	Subsidiary
Planet Board Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board (see Note 1)	Subsidiary
Safe Energy Holdings Co., Ltd.	Holding company in energy business	Joint venture (until December 2020)
Green Earth Power (Thailand) Co., Ltd.	Holding company in energy business	Associate
Prize of Wood Green Energy Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture and co-directors (until December 2020)
GEP (Myanmar) Company Limited (incorporated and operated in Myanmar)	Manufacturing and sales of electricity generated from solar power	Subsidiary of associate and co-directors
Bina Puri Power (Thailand) Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture (until December 2020)
Safe Biomass Co., Ltd.	Wood chip plant for use as fuel for biomass power plant	Subsidiary of joint venture (until December 2020)
East Cost Design Co., Ltd.	Manufacturing and sales of furniture	Co-directors and co-shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors and co-shareholders
V-Chat Décor Co., Ltd.	Manufacturing and sales of laminating papers	Co-directors and co-shareholders
V-Chat Industry Co., Ltd.	Manufacturing and sales of dried sawn lumbers	Co-directors and co-shareholders
B.V. Parawood Co., Ltd.	Manufacturing and sales of furniture and dried sawn lumbers	Co-directors and co-shareholders
Index Living Mall Co., Ltd.	Sales of furniture	Directors are spouse
Index Interfurn Co., Ltd.	Manufacturing and sales of furniture	Directors are spouse
Prize of Wood Industry Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. wood sheet and rubber wood	Co-shareholders and co-directors with subsidiary of joint venture (until December 2020)
Khun Wallop Suksawad	-	Shareholder and director (key management)
Khun Chalee Suksawad	-	Shareholder and director (key management)



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Name of Companies / Persons	Type of Business	Type of Relationship
Khun Arak Suksawad	-	Shareholder and director (key management)
Khun Tippawan Suksawad	-	Shareholder and relative of director
General Terdsak Marrome	-	Director (key management)
Khun Montee Socatyanurak	-	Director (key management)
Khun Songklod Jarusombuti	-	Director (key management)
Khun Ekarin Vasanason	-	Director (key management)
Khun Paiboon Aroonprasobsuk	-	Director (key management)

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise).

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Purchases - sales of products	Prices approximated market prices
Interest income / interest expense	MOR
Space rental income and other income	Mutually agreed price
Dividend income	Rate announced at the meeting of the investee
Purchases of raw materials / inventories / supplies	Prices approximated market prices
Purchases - sales of equipment	Mutually agreed price
Decoration costs of showrooms	Mutually agreed price
Key management's remunerations	Mutually agreed amount
Guarantee of credit facilities by directors	No guarantee charge

Transactions with related parties for the years ended December 31, 2020 and 2019 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>Sales of products</b>				
Subsidiaries	-	-	76,480	8,533
Related companies	21,688	25,130	16,121	25,130
Total	21,688	25,130	92,601	33,663
<b>Interest income</b>				
Subsidiaries	-	-	5,707	2,821
Associate	16	58	-	-
Joint venture	624	932	-	-
Related person	888	2,805	888	-
Total	1,528	3,795	6,595	2,821
<b>Space rental income</b>				
Subsidiary	-	-	-	3
<b>Other income</b>				
Related companies	579	1,326	579	879

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>Dividend income (presented as a deduction to investment value)</b>				
Associate	11,394	-	-	-
<b>Sales of equipment</b>				
Related company	-	3	-	-
<b>Purchases of inventory</b>				
Subsidiary	-	-	1	-
<b>Purchase of equipment</b>				
Subsidiary	-	-	-	542
<b>Showroom rental and service charges</b>				
Related company	-	9,084	-	9,084
<b>Interest expense</b>				
Subsidiaries	-	-	2,383	1,404
Related persons	664	-	136	-
Total	664	-	2,519	1,404
<b>Key management's remunerations</b>				
Short-term benefits	21,033	18,972	18,513	18,972
Post-employment benefits	271	1,424	271	1,424
Total	21,304	20,396	18,784	20,396

Outstanding balances with related parties as at December 31, 2020 and 2019 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>Trade receivables</b>				
Subsidiaries	-	-	35,809	4,029
Related companies	7,555	6,517	2,800	6,517
Total	7,555	6,517	38,609	10,546
<b>Other installment receivables (see Note 8)</b>				
Related person				
Due for payments within one year	5,550	8,325	5,550	8,325
Due for payments after one year but not exceeding three years	5,560	11,110	5,560	11,110
Total	11,110	19,435	11,110	19,435
Interest receivable (other current assets)	907	19	907	19
Total	12,017	19,454	12,017	19,454
<b>Other receivables (other current assets)</b>				
Subsidiary	-	-	-	2,720
Related company	-	114	-	114
Total	-	114	-	2,834

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<b>Short-term loans and interest receivable</b>				
<b>Interest receivable</b>				
Subsidiaries	-	-	5,707	1,826
Associate	-	141	-	-
Joint venture	-	1,132	-	-
<b>Short-term loans</b>				
Subsidiaries (interest rate at 5.5% - 7% p.a. and due at call)	-	-	184,000	35,000
Associate (interest rate at 5% p.a. and due at call)	-	1,161	-	-
Joint venture (interest rate at 7.0% - 7.5% p.a. and due at call)	-	12,600	-	-
Total	-	15,034	189,707	36,826
<b>Advance for share subscription</b>				
Subsidiary	-	-	-	78,375
Associate	-	78,750	-	-
Total	-	78,750	-	78,375
<b>Guarantees on rental and services for showrooms</b>				
Related company	-	2	-	2
<b>Guarantees on construction of power plant project</b>				
Associate	20,000	20,000	-	-
<b>Other payables</b>				
Subsidiary	-	-	6,726	-
<b>Short-term loan and interest payable</b>				
<b>Interest payable</b>				
Subsidiary	-	-	1,596	793
Related person	678	-	150	-
<b>Short-term loans</b>				
Subsidiary (interest rate at 7.0% and 7.5% p.a. and due at call)	-	-	68,500	48,700
Related person (interest rate at 5.25% p.a. and due at call)	53,500	-	12,500	-
Total	54,178	-	82,746	49,493

Movements of short-term loans to and from related parties during the year are as follows:

	Consolidated (In Thousand Baht)			December 31, 2020
	December 31, 2019	Movements during the year		
		Increase	Decrease	
<b>Short-term loans to</b>				
Green Earth Power (Thailand) Co., Ltd.	1,161	-	1,161	-
Safe Energy Holdings Co., Ltd.	12,600	-	12,600	-

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Separate Financial Statement (In Thousand Baht)			
	December 31,	Movements during the year		December 31,
	2019	Increase	Decrease	2020
ECF Holdings Co., Ltd.	35,000	-	-	35,000
ECF Power Co., Ltd.	-	149,000	-	149,000

	Consolidated (In Thousand Baht)			
	December 31,	Movements during the year		December 31,
	2019	Increase	Decrease	2020
<b>Short-term loans</b>				
Director	-	113,000	59,500	53,500
Relative of director	-	26,000	26,000	-

	Separate Financial Statement (In Thousand Baht)			
	December 31,	Movements during the year		December 31,
	2019	Increase	Decrease	2020
ECF Power Co., Ltd.	26,000	62,500	26,000	62,500
Planet Board Co., Ltd.	22,700	119,175	135,875	6,000
Director	-	65,000	52,500	12,500
Relative of director	-	18,000	18,000	-

**6. TRADE RECEIVABLES**

As at December 31, 2020 and 2019, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<u>Related companies</u>				
Current	4,384	4,945	16,285	6,589
Overdue :				
Not exceeding 3 months	3,162	1,559	15,014	3,763
Between 3 months - 6 months	-	-	7,055	181
Between 6 months - 12 months	-	-	246	-
Over 12 months	9	13	9	13
Total	7,555	6,517	38,609	10,546
<u>Other companies - net</u>				
Current	230,667	173,475	220,880	172,544
Overdue :				
Not exceeding 3 months	47,051	56,940	43,603	55,663
Between 3 months - 6 months	16,231	8,720	15,921	8,696
Between 6 months - 12 months	24,762	11,704	24,711	11,704
Over 12 months	9,903	49,419	7,037	46,426
Total	328,614	300,258	312,152	295,033
Less Allowance for impairment for expected credit loss	( 4,860)	( 23,458)	( 1,994)	( 21,237)
Net	323,754	276,800	310,158	273,796

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

As at December 31, 2020 and 2019, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 89.7 million and Baht 130.0 million with two local and three local financial institutions, respectively, (under credit facilities totalling Baht 215 million), whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 87.5 million and Baht 108.2 million, respectively. The Company presented such amounts of obligation under the recourse action as "Factoring payables" in the statements of financial position.

At the Board of Directors' meeting in March 2020, the Board of Directors passed the resolution to approve the Company to sell a portion of trade receivables, incurred from sales through agents, together with the related rights in product brand to a non-related company, whose business is engaged in trading of construction and household decoration materials, at carrying amount of Baht 55 million whereby such trade receivables had carrying amount of approximately Baht 36.2 million and incurred gain on sales of approximately Baht 18.8 million of which mainly is attributable to payment for the related rights in product brand whereby the Company has transferred control in the rights for cash collection on trade receivables and rights in product brand to buyer. Such gain was separately presented in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. In addition, under the related sale-purchase agreement together with relevant letter compromising the debt, the Company has agreed with buyer to settle the aforesaid price in monthly installments starting from April 2020 to March 2022 with interest charge at the rate 6% p.a. until settlement is completed. As at December 31, 2020, balance of such receivable from sales of rights carrying for collection within one year and exceeding one year amounted to Baht 36 million and Baht 12 million, respectively.

In addition, if the Group unexercised the temporary mitigating measures as discussed in Note 4. The effect on impairment for the expected credit loss of the account "Trade receivables", if forward-looking information was, therefore, included in consideration and measurement would increase from the previously reported balances as at December 31, 2020 amounting to approximately Baht 3.4 million and Baht 4.1 million in the separate and consolidated financial statements, respectively. Such amounts shall be recognized in the first quarter of 2021.

**7. INVENTORIES - NET**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Finished goods	549,267	382,229	548,832	381,700
Work-in-process	682,739	889,633	682,739	889,633
Raw materials	80,677	66,156	80,677	66,156
Factory supplies	59,525	41,556	59,525	41,556
Inventories in transit	4,110	5,455	4,110	5,455
Total	1,376,318	1,385,029	1,375,883	1,384,500
Less Allowance for diminution in value of obsolete and slow moving inventories	( 6,110)	( 5,656)	( 6,110)	( 5,656)
Net	1,370,208	1,379,373	1,369,773	1,378,844

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

As at December 31, 2020 and 2019, the written-down amount of inventory cost to net realizable value which was recognized as part of cost of sales in the statements of comprehensive income for the years ended December 31, 2020 and 2019 amounting to approximately Baht 13.0 million and Baht 8.5 million, respectively.

**8. LOANS TO OTHER PARTIES OF WHICH RIGHTS DISPOSED TO BE  
OTHER INSTALLMENT RECEIVABLES**

Previously, this account represented loan to Inter Far East Energy Corporation Public Company Limited (“IFEC”) amounting to Baht 50 million with interest charge at the rate of 6.25% per annum that is secured by common shares of a subsidiary of IFEC and is in the form of deposit for feasibility study of investment in the 1-Megawatt solar power plant project of CR Solar Co., Ltd. (“CRS”), located at Amphur Thern in Lampang province, whereby CRS is other subsidiary of IFEC. On December 22, 2017, the Company, IFEC, and CRS entered into the Memorandum of Understanding (“MOU”) for determining the condition that such loan and related interest receivable will be able to use as deposit on future settlement of the price on purchase-sale of the business if the Company is satisfied by outcome of the feasibility study and decides to invest. Such loan had been charged for interest until all conditions under such MOU are fulfilled. The Company and IFEC had negotiated and mutually agreed to extend duration for due diligence process to be within November 30, 2019 as well as duration for entering into purchase-sale agreement of the business to be within December 31, 2019.

However, the due diligence process has been in progress and cannot be assessed for its completion, the Board of Directors’ meeting on December 24, 2019, therefore, passed the resolution to approve the Company to dispose the rights under aforesaid loan agreement as well as related pledge agreement and MOU to (1) a non-related person who is shareholder of the venturer and director of the Company’s joint venture and (2) a major shareholder and director of the Company at the portion of two-third and one-third, respectively, of the balance of loan principal including interest as at December 24, 2019 (totalling approximately Baht 58.30 million). Such amount is attributable to (1) totalling approximately Baht 38.87 million and (2) totalling approximately Baht 19.43 million. The disposal to (1) and (2) shall be collected in 7 installments, six-month period per installment, starting from December 2019. Installment for (1) and (2) amounted to approximately Baht 5.55 million and Baht 2.78 million, respectively. The Company also charges interest on installments from (1) and (2) at the rate of 6% per annum. Since December 24, 2019, the Company has not had any rights or agreements in connection with IFEC and the Company is no longer have intention to continue the due diligence and purchase-sale of the business with CRS. As at December 31, 2020 and 2019, current portion of “Other installment receivables” to be collected from (1) and (2) amounted to approximately Baht 11.10 million and Baht 5.55 million, respectively, while non-current portion amounted to approximately Baht 11.12 million and Baht 5.56 million, respectively.

**9. RESTRICTED DEPOSITS AT BANKS**

As at December 31, 2019 and 2018, the Company has collateralized its fixed deposits with three local banks amounting to approximately Baht 51.8 million and Baht 93.9 million, respectively, as guarantees for its short-term loan facilities with such banks.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**10. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD**

	Separate Financial Statement					
	Authorized Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2020	2019	2020	2019	2020	2019
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000
ECF Holdings Co., Ltd.	10,000	10,000	75.00	75.00	7,500	7,500
ECF Power Co., Ltd.	687,652	687,652	99.99	99.99	687,652	687,652
Planet Board Co., Ltd.	50,000	50,000	57.00	57.00	7,125	7,125
Total					<u>703,277</u>	<u>703,277</u>

During 2020 and 2019, the subsidiaries did not declare any dividends to the shareholders.

At the extraordinary shareholders' meeting of subsidiary, i.e. ECF Power Co., Ltd. ("ECF-P"), on October 8, 2019 and at the Board of Directors' meeting of the Company on October 9, 2019, the meetings passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 140 million (from previously Baht 547.7 million to Baht 687.7 million) which was the increase in share capital with respect to the existing proportion of the shareholders. ECF-P has increased its share capital and registered this increase in share capital with the Ministry of Commerce on October 9, 2019.

At the Board of Directors' meeting on February 27, 2018, the Board of Directors passed the resolution to approve the investment budget for the increase in Planet Board Co., Ltd. ("PNB") is authorized share capital amounting to Baht 400 million (from Baht 50 million to Baht 450 million) to support the MDF board and particle board manufacturing project whereby such increase in share capital shall be done with respect to the existing proportion of the shareholders that pertained to the Company's portion of 57% amounting to Baht 228 million. Near the end of 2018, the Company paid advance payment for the incremental shares to PNB amounting to approximately Baht 78.4 million that was still outstanding at the end of 2019. Subsequently, the Company received such amount from PNB in 2020 because such project of PNB was discontinued.

Significant financial information in the financial statements for the years 2020 and 2019 of ECF Holdings Co., Ltd. ("ECF-H") which included the non-controlling interests at the proportion of 25% is as follows:

	In Million Baht	
	2020	2019
Current assets	17.3	2.5
Non-current assets	0.1	0.2
Current liabilities	64.5	41.1
Non-current liabilities	-	-
Shareholders' equity (capital deficiency)	(47.1)	(38.4)
Sales of goods	67.7	2.3
Other income	-	-
Loss for the year	( 8.6)	( 4.0)
Total comprehensive loss for the year	( 8.6)	( 4.0)

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Significant financial information in the financial statements for the years 2020 and 2019 of PNB which currently included the non-controlling interests at the proportion of 43% is as follows:

	In Million Baht	
	2020	2019
Current assets	13.0	94.0
Non-current assets	4.0	22.2
Current liabilities	0.8	0.9
Shareholders' equity	16.2	115.3
Other income	1.6	3.6
Loss for the year	( 17.1)	-
Total comprehensive loss for the year	( 17.1)	-

PNB has had a plan to discontinue its project for manufacturing and sales of MDF board and particle board whereby the Company's management is during consideration for the appropriate new project in the future for PNB. Accordingly, a portion of PNB's fixed assets amounting to approximately Baht 18.1 million was no longer in use and was written-off as expense (approved by the Company's director) which is presented as part of "Other expenses" in the consolidated statement of comprehensive income for the year ended December 31, 2020



**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**11. INVESTMENT IN ASSOCIATE AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD**

	Percentage of Shareholding by Subsidiary (ECF-P)		Consolidated (In Thousand Baht)			
			Authorized Share Capital		Investment Value	
	2020	2019	2020	2019	2020	2019
<i>Investment in associate</i>						
Green Earth Power (Thailand) Co., Ltd. ("GEP")	20.00	20.00	2,252,716	215,756	672,121	356,389
						11,394
<i>Investment in joint venture</i>						
Safe Energy Holding Co., Ltd. ("SAFE")	-	33.37	-	581,000	-	-
					672,121	584,100

Share of profit from GEP for the year 2020 amounted to approximately Baht 35.1 million whereas share of other comprehensive loss for the same year amounted to approximately Baht 13.8 million. In addition, during the year 2020, ECF-P additionally invested in GEP amounting to approximately Baht 227.2 million and by means of transfer from advance for share subscription amounting to approximately Baht 78.8 million.

In the future, GEP will increase its share capital to support the investment in construction of power plant and production of the electric power for sales of its subsidiary (100% held by GEP), i.e. GEP (Myanmar) Company Limited ("GEPM"), whereby the project will be separated into 4 phases until reaching full capacity of 220 megawatts. According to such increase in share capital, ECF-P shall additionally invest in the future for its portion amounting to approximately Baht 91.5 million during 2021. GEP is engaged as a holding and management company in the 220 megawatt solar power plant project of GEPM which is located in Minbu province, Myanmar.

In 2019, ECF-P has placed guarantee for construction of the solar power plant of its associate amounting to Baht 20.0 million which is refundable upon completion of construction of the solar power plant (all four phases). Such guarantee has been presented as part of "Deposits and guarantees" in the consolidated statements of financial position as at December 31, 2020 and 2019.

ECF-P has used its 4,505,433 share certificates (all of the entire shares invested) of investment in GEP as guarantee for payments of construction costs of the solar power plant project in Myanmar of GEPM to two subsidiaries of Meta Corporation Public Company Limited who are the construction contractors. This matter was made with respect to the payment condition of such project that payments shall be made after the completion of construction works.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

In order to maximize benefits to the Group, in the first quarter of 2020, ECF-P entered into a plan for sales of the entire investment in SAFE to a venturer of SAFE under the sale-purchase agreement (including revised version in the third quarter of 2020), jointly arranged with another venturer, with total price of approximately Baht 233.9 million. The investment value under equity method of SAFE in that period amounted to approximately Baht 227.7 million which the Group has transferred of such investment to non-current asset held for sale in the aforesaid quarter. The Group has ceased using the equity method of accounting on valuation of such investment and used such value as a deemed cost of the investment which is less than its fair value less cost to sell of approximately Baht 6.2 million (gain on sales). The aforesaid plan for sales was completed in December 2020. In addition, for reporting of significant financial information disaggregated by operating segment, such item is categorized under segment "Other products".

Significant financial information in the consolidated financial statements for the years 2020 of GEP and 2019 of GEP and SAFE, which are material to the Group, is as follows:

	2020 - In Million Baht	
	GEP	
Current assets (including subscription receivables)		269.8
Non-current assets		3,451.9
Current liabilities		1,765.5
Non-current liabilities		32.6
Revenues		318.7
Profit for the year		181.9
Total comprehensive income for the year		110.2
Shareholders' equity (not deducting subscription receivables)		1,923.6
The Group's interest at the investment proportion		384.7
Purchase price of investment in excess of the Group's interest		287.4
Carrying amount of investment in which equity method is applied		672.1

  

	2019 - In Million Baht	
	GEP	SAFE
Current assets	175.9	195.3
Non-current assets	2,475.8	815.7
Current liabilities	2,283.2	173.8
Non-current liabilities	23.6	135.8
Revenues	835.8	253.4
Profit for the year	13.4	38.3
Total comprehensive income (loss) for the year	( 22.0)	38.3
Shareholders' equity (excluding non-controlling interests)	344.9	680.7
The Group's interest at the investment proportion	69.0	226.8
Purchase price of investment in excess of the Group's interest	287.4	0.9
Carrying amount of investment in which equity method is applied	356.4	227.7

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**12. PROPERTY, PLANT AND EQUIPMENT - NET**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	162,809	37,229	-	-	200,038
Land improvement	9,709	-	-	-	9,709
Building	184,101	5,684	-	67	189,852
Building improvement	48,053	556	-	84	48,693
Machinery and equipment	365,744	7,629	300	15,393	388,466
Electric system	41,025	2,632	-	5,488	49,145
Furniture, fixtures and office equipment	18,258	549	-	4	18,811
Showroom equipment	31	-	-	-	31
Vehicle	56,396	-	-	( 7,100)	49,296
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	51,439	47,208	18,128	( 19,676)	60,843
<b>Total Cost</b>	<u>941,462</u>	<u>101,487</u>	<u>18,428</u>	<u>( 5,740)</u>	<u>1,018,781</u>
<b>Accumulated Depreciation</b>					
Land improvement	8,960	229	-	-	9,189
Building	61,270	9,359	-	-	70,629
Building improvement	19,736	3,062	-	-	22,798
Machinery and equipment	296,768	18,804	230	6	315,348
Electric system	3,551	4,247	-	-	7,798
Furniture, fixtures and office equipment	13,888	1,851	-	( 6)	15,733
Showroom equipment	20	6	-	-	26
Vehicle	46,021	3,470	-	( 3,097)	46,394
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	<u>454,111</u>	<u>41,028</u>	<u>230</u>	<u>( 3,097)</u>	<u>491,812</u>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,459</u>
<b>Net</b>	<u>481,892</u>				<u>521,510</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1,	Movements During the Year			Ending Balance as at December 31,
	2020	Addition	Deduction	Transfer	2020
<b>Cost</b>					
Land	162,809	37,229	-	-	200,038
Land improvement	9,709	-	-	-	9,709
Building	184,101	5,684	-	67	189,852
Building improvement	48,053	556	-	84	48,693
Machinery and equipment	365,744	7,629	300	15,393	388,466
Electric system	41,025	2,632	-	5,488	49,145
Furniture, fixtures and office equipment	17,700	549	-	4	18,253
Vehicle	56,396	-	-	( 7,100)	49,296
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	29,453	47,208	-	( 19,676)	56,985
<b>Total Cost</b>	<u>918,887</u>	<u>101,487</u>	<u>300</u>	<u>( 5,740)</u>	<u>1,014,334</u>
<b>Accumulated Depreciation</b>					
Land improvement	8,960	229	-	-	9,189
Building	61,270	9,359	-	-	70,629
Building improvement	19,737	3,062	-	-	22,799
Machinery and equipment	296,768	18,804	230	6	315,348
Electric system	3,550	4,247	-	-	7,797
Furniture, fixtures and office equipment	13,513	1,728	-	( 6)	15,235
Vehicle	46,021	3,470	-	( 3,097)	46,394
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	<u>453,716</u>	<u>40,899</u>	<u>230</u>	<u>( 3,097)</u>	<u>491,288</u>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,459</u>
<b>Net</b>	<u>459,712</u>				<u>517,587</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2019	Movements During the Year			Ending Balance as at December 31, 2019
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	140,764	-	-	22,045	162,809
Land improvement	9,709	-	-	-	9,709
Building	135,849	-	-	48,252	184,101
Building improvement	46,714	848	-	491	48,053
Machinery and equipment	362,855	4,483	1,632	38	365,744
Electric system	3,378	22	-	37,625	41,025
Furniture, fixtures and office equipment	17,108	1,438	288	-	18,258
Showroom equipment	2,562	-	2,531	-	31
Vehicle	65,107	700	9,411	-	56,396
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	105,318	54,943	-	(108,822)	51,439
<b>Total Cost</b>	<u>893,261</u>	<u>62,434</u>	<u>13,862</u>	<u>( 371)</u>	<u>941,462</u>
<b>Accumulated Depreciation</b>					
Land improvement	8,690	270	-	-	8,960
Building	53,115	8,155	-	-	61,270
Building improvement	16,639	3,097	-	-	19,736
Machinery and equipment	280,890	17,183	1,305	-	296,768
Electric system	2,349	1,202	-	-	3,551
Furniture, fixtures and office equipment	11,886	2,194	192	-	13,888
Showroom equipment	1,275	223	1,478	-	20
Vehicle	49,666	5,556	9,201	-	46,021
Utilities	3,896	1	-	-	3,897
<b>Total Accumulated Depreciation</b>	<u>428,406</u>	<u>37,881</u>	<u>12,176</u>	<u>-</u>	<u>454,111</u>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,459</u>
<b>Net</b>	<u>459,396</u>				<u>481,892</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1,	Movements During the Year			Ending Balance as at December 31,
	2019	Addition	Deduction	Transfer	2019
<b>Cost</b>					
Land	140,764	-	-	22,045	162,809
Land improvement	9,709	-	-	-	9,709
Building	135,849	-	-	48,252	184,101
Building improvement	46,714	848	-	491	48,053
Machinery and equipment	362,203	4,483	980	38	365,744
Electric system	3,378	22	-	37,625	41,025
Furniture, fixtures and office equipment	16,262	1,438	-	-	17,700
Vehicle	65,107	700	9,411	-	56,396
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	86,566	51,360	-	(108,473)	29,453
<b>Total Cost</b>	<b>870,449</b>	<b>58,851</b>	<b>10,391</b>	<b>( 22)</b>	<b>918,887</b>
<b>Accumulated Depreciation</b>					
Land improvement	8,690	270	-	-	8,960
Building	53,115	8,155	-	-	61,270
Building improvement	16,639	3,098	-	-	19,737
Machinery and equipment	280,499	17,119	850	-	296,768
Electric system	2,349	1,201	-	-	3,550
Furniture, fixtures and office equipment	11,485	2,028	-	-	13,513
Vehicle	49,666	5,556	9,201	-	46,021
Utilities	3,896	1	-	-	3,897
<b>Total Accumulated Depreciation</b>	<b>426,339</b>	<b>37,428</b>	<b>10,051</b>	<b>-</b>	<b>453,716</b>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<b>5,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,459</b>
<b>Net</b>	<b>438,651</b>				<b>459,712</b>

As at December 31, 2020 and 2019, the Company's land, building and building improvement, machinery and equipment of which carrying amount totalling approximately Baht 357.5 million and Baht 310.8 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 15 and 20.

As at December 31, 2020 and 2019, cost of the Company's building and building improvement and equipment which have been fully depreciated but still in use amounting to approximately Baht 284.3 million and Baht 254.9 million, respectively.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Depreciation of building and equipment for the year 2020 amounted to approximately Baht 41.0 million in the consolidated financial statements and Baht 40.9 million in separate financial statements while for the year 2019 amounted to approximately Baht 37.9 million in the consolidated financial statements and Baht 37.4 million in separate financial statements.

**13. RIGHT-OF-USE ASSETS - NET**

	Consolidated and Separate Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2020	Movements During the Year		Balance as at December 31, 2020
		Increase	Decrease	
<b>Vehicles and equipment</b>				
Cost	5,877	2,000	-	7,877
Accumulated depreciation	-	2,543	-	2,543
Net	5,877			5,334

**14. INTANGIBLE ASSETS - NET**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
Cost	9,843	-	-	950	10,793
Accumulated amortization	( 9,067)	( 475)	-	-	( 9,542)
Net	776	( 475)	-	950	1,251

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2019	Movements During the Year			Ending Balance as at December 31, 2019
		Addition	Deduction	Transfer	
Cost	10,999	425	( 1,581)	-	9,843
Accumulated amortization	( 8,805)	( 460)	198	-	( 9,067)
Net	2,194	( 35)	( 1,383)	-	776

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
Cost	9,684	-	-	950	10,634
Accumulated amortization	( 9,005)	( 444)	-	-	( 9,449)
Net	679	( 444)	-	950	1,185

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1, 2019	Movements During the Year			Ending Balance as at December 31, 2019
		Addition	Deduction	Transfer	
Cost	9,259	425	-	-	9,684
Accumulated amortization	( 8,647)	( 358)	-	-	( 9,005)
Net	612	67	-	-	679

Amortization for the years ended December 31, 2020 and 2019 amounted to approximately Baht 0.5 million and Baht 0.4 million, respectively, both in the consolidated and separate financial statements, which was presented as part of “Administrative expenses” in the statements of comprehensive income.

**15. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Bank overdrafts	62,863	56,785	62,863	53,994
Loans under packing credits	303,309	215,695	303,309	215,695
Loans under promissory notes	230,000	250,000	230,000	250,000
Loans under trust receipts	5,663	-	5,663	-
Total	601,835	522,480	601,835	519,689

As at December 31, 2020 and 2019, the Group had overdraft lines with four local and three local banks totalling Baht 75 million and Baht 65 million (totalling Baht 60 million for the Company only), respectively, which bear interest at Minimum Overdraft Rate.

As at December 31, 2020 and 2019, the Company had packing credit facilities with three local and two local banks totalling Baht 250 million and Baht 280 million, respectively, which bear interest at lower than Minimum Loan Rate.

As at December 31, 2020 and 2019, the Company had promissory note facilities with three local banks totalling Baht 330 million and Baht 250 million, respectively, which bear interest ranging between 4.25% and 6.25% p.a.

As at December 31, 2020 and 2019, the Company had trust receipt facilities with three local banks totalling Baht 123 million and Baht 58 million, respectively, which bear interest at lower than Minimum Loan Rate.

The abovementioned credit facilities are guaranteed by certain directors and relative of director of the Company as well as their land and fixed deposits, the Company’s fixed deposits as discussed in Note 9, and the Company’s land, buildings, and machinery and equipment as discussed in Note 12.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**16. SHORT-TERM LOANS FROM OTHER PARTIES**

As at December 31, 2020, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's common shares of totalling 108.1 million held by two directors and a relative of such two directors, issued by the Company and a subsidiary to several non-related persons between July to December 2020. These loans bear interest ranging between 6.5% p.a. and 15.0% p.a. which have maturities not exceeding nine months from the particular issuance dates.

As at December 31, 2019, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's common shares of approximately 59.7 million held by certain directors, issued by the Company and a subsidiary to several non-related persons between June to November 2019. These loans bear interest ranging between 5.5% p.a. to 6.5% p.a. which have maturities not exceeding seven months from the particular issuance dates.

**17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Other payables	36,932	15,324	34,168	14,704
Accrued advertising and sales promotion expenses	12,291	12,309	12,291	12,309
Accrued salary, wage, and welfares	8,308	6,373	7,226	6,370
Accrued interest	5,613	7,694	5,613	7,694
Accrued electricity	3,629	2,901	3,629	2,901
Accrued sales discount	1,928	1,237	1,928	1,237
Advances from customers	1,522	4,040	1,522	4,040
Others	4,379	3,855	3,906	3,462
Total	74,602	53,733	70,283	52,717

**18. DEBENTURES**

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2020	2019
Debentures	961,300	990,000
Less Deferred direct transaction costs on debenture issuance	( 11,111)	( 9,200)
Net	950,189	980,800
Less Due for payments within one year	( 379,025)	( 605,685)
Net	571,164	375,115

On February 16, 2018, the Company limitedly issued and offered the registered, unsubordinated, and secured debentures to the institutional investors of 699,900 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.5% p.a. whereby interest is payable on a quarterly basis and matured for redemption on August 9, 2020. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Later on March 22, 2019, the Company limitedly issued and offered the registered, unsubordinated, and partially secured debentures to the institutional investors of 200,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.75% p.a. whereby interest is payable on a quarterly basis and matured for redemption on March 22, 2021. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

On July 31, 2019, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional investors of 180,200 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.5% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on July 31, 2021. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

On June 12, 2020, the Company limitedly issued and offered the registered, unsubordinated, and partially secured debentures to the institutional investors of 581,100 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 7.25% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on June 12, 2022. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1. These debentures are guaranteed by ECF-P's common share of 38,947,722 held by the Company.

Direct transaction costs on debenture issuance were debenture issuance costs, which were recorded as deferred item and systematically amortized on a straight-line method as part of finance costs over the term of related debentures.

As at December 31, 2020 and 2019, such debentures had fair values of approximately Baht 962.8 million and Baht 993.5 million, respectively, which is the Level 2 inputs of the fair value hierarchy.

**19. LIABILITY FOR POST-EMPLOYMENT BENEFITS**

Movements of liability for post-employment benefits for the years ended December 31, 2020 and 2019 are as follows:

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2020	2019
Liability for post-employment benefits as at January 1	10,687	6,793
Current service cost	731	910
Interest cost	196	277
Past service cost	-	1,422
Expense recognized as profit or loss in statement of comprehensive income	927	2,609
Actuarial loss on remeasurement	-	1,285
Liability for post-employment benefits as at December 31	11,614	10,687

The abovementioned actuarial loss on remeasurement comprised of (1) loss from experience adjustment amounting to approximately Baht 3,723 thousand, (2) gain from changes in financial assumptions amounting to approximately Baht 1,741 thousand, and (3) gain from changes in demographic assumptions amounting to approximately Baht 697 thousand.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Significant assumptions used in the calculation of liability for post-employment are as follows:

- Discount rate 2.66% p.a.
- Salary escalation rate 3.00% p.a.
- Employee turnover rate 8% - 35% p.a.

The abovementioned changes in significant assumptions may affect the sensitivity of the balance of provision for post-employment benefits in respect of the information as per the calculation report of the qualified actuary as follows:

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If assumption increased	If assumption decreased
Discount rate (increase/decrease by 0.5%)	(337)	358
Salary escalation rate (increase/decrease by 0.5%)	427	(403)
Employee turnover rate (increase/decrease by 1%)	(895)	1,023

During 2018, the National Legislative Assembly agreed and approved to edit some provisions of the Labour Protection Act 1998 (B.E. 2541) which include the increase in compensations to be paid to the employees whose working period have reached 20 years or above from previously equivalent to basic wage of 300 days to 400 days. Such matter was later legally announced in the early of April 2019 in order to become effective in the early of May 2019. The Company's management considered, based on their judgement, that amendment of such employee benefit plan (amendment of the applicable laws) occurred and became effective in the second quarter of 2019. Accordingly, the Company accounted for the past service cost amounting to approximately Baht 1.4 million, resulted from the plan amendment, in the second quarter of 2019 which was presented as part of cost of sales and administrative expenses amounting to approximately Baht 0.2 million and Baht 1.2 million, respectively, in the statement of comprehensive income for the year ended December 31, 2019.

As at December 31, 2020 and 2019, the subsidiaries have hired only few numbers of permanent employees. Accordingly, the subsidiaries have no material obligation to be recognized on the post-employment benefits.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**20. LONG-TERM BORROWINGS**

This account represented long-term borrowings from two local banks and a local leasing company in 2020 and two local banks in the separate financial statements and three local banks in consolidated financial statements both in 2019 which comprised of:

	Consolidated (In Thousand Baht)	
	2020	2019
1) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at lower than Minimum Loan Rate	8,993	17,389
2) Loans under facilities amount of Baht 25 million, repayable monthly until March 2024, bear interest at lower than Minimum Loan Rate	10,762	14,362
3) Loans under facilities amount of Baht 20 million, repayable monthly until January 2021, bear interest at Minimum Loan Rate	9,895	16,495
4) Loans under facilities amount of Baht 20 million, repayable monthly until January 2021, bear interest at Minimum Loan Rate	12,095	18,695
5) Loans under facilities amount of Baht 10 million (of the subsidiary), repayable monthly until March 2021, bear interest at Minimum Loan Rate	-	2,516
6) Loans under facilities amount of Baht 20 million, repayable monthly until January 2022, bear interest at 2% p.a.	20,000	-
7) Loans under facilities amount of Baht 30 million, repayable monthly until August 2022, bear interest at 11.105% p.a.	24,226	-
Total	85,971	69,457
Less Current portion	( 40,372)	( 27,631)
Net	45,599	41,826

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	Separate Financial Statements (In Thousand Baht)	
	2020	2019
1) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at lower than Minimum Loan Rate	8,993	17,389
2) Loans under facilities amount of Baht 25 million, repayable monthly until March 2024, bear interest at lower than Minimum Loan Rate	10,762	14,362
3) Loans under facilities amount of Baht 20 million, repayable monthly until January 2021, bear interest at Minimum Loan Rate	9,895	16,495
4) Loans under facilities amount of Baht 20 million, repayable monthly until January 2021, bear interest at Minimum Loan Rate	12,095	18,695
5) Loans under facilities amount of Baht 20 million, repayable monthly until January 2022, bear interest at 2% p.a.	20,000	-
6) Loans under facilities amount of Baht 30 million, repayable monthly until August 2022, bear interest at 11.105% p.a.	24,226	-
Total	85,971	66,941
Less Current portion	( 40,372)	( 25,115)
Net	45,599	41,826

The above loans have guarantees as discussed in Note 12. The aforesaid loans 6) is secured by cash which the Company has deposited with the lender amounting to Baht 6 million, which was presented as part of "Deposits and guarantees" in the consolidated and separate statements of financial position as at December 31, 2020.

In addition, the Company must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio, Debt-to-Equity Ratio, and Current Ratio, etc.

**21. LEASE LIABILITIES**

	Consolidated and Separate Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2020	Movements During the Year		Balance as at December 31, 2020
		Increase	Decrease	
Vehicles and equipment	4,386	2,000	2,779	3,607

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2020	2019
Lease liabilities		
- Due for payments within one year	2,439	1,459
- Due for payments between 2-5 years	1,308	1,155
Total	3,747	2,614
Less Deferred interest	( 140)	( 102)
Lease liabilities - net of deferred interest	3,607	2,512
Less Current portion	( 2,318)	( 1,375)
Net	1,289	1,137

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Lease liabilities decreased during 2020 were attributable to payments.

Amortized interest, which was presented as part of “Finance costs” in the statements of comprehensive income for the years 2020 and 2019, amounted to approximately Baht 0.2 million.

In 2017, 2019 and 2020, the Company entered into lease and hire purchase agreements for its vehicles and equipment with four local leasing companies for the periods of 36 and 48 months whereby such agreements will end during 2021 to 2024.

**22. SHARE CAPITAL, PREMIUM ON SHARES AND WARRANTS**

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2020		2019	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.25	1,196,646	299,162	1,249,848	312,462
Issued and paid-up shares as at January 1					
- Common shares	0.25	959,488	239,872	959,405	239,851
Exercise of warrants	0.25	-	-	83	21
As at December 31					
- Common shares	0.25	959,488	239,872	959,488	239,872

At the general shareholders’ meeting on July 8, 2020, the shareholders passed the resolutions to approve and acknowledged the following significant matters:

- a. Decrease in the Company’s authorized share capital of Baht 40,100,543.75 (from previously Baht 312,462,090.75 to Baht 272,361,547.00) by eliminating the unissued 160,402,175 common shares, Baht 0.25 par value. Such common shares comprised of (1) 53,402,175 common shares that were previously appropriated for the exercise of ECF-W2 warrants whereby the exercise period has ended, (2) 95,000,000 common shares that were previously appropriated for offering under the Private Placement with General Mandate method and (3) 12,000,000 common shares that were previously appropriated to shareholders for adjustment of rights of ECF-W3 warrants. Such decrease in share capital was registered with the Ministry of Commerce on July 21, 2020.
- b. Increase in the Company’s authorized share capital of Baht 26,800,000 (from previously Baht 272,361,547 to Baht 299,161,547) which is divided into 107,200,000 common shares, Baht 0.25 par value. Such incremental common shares shall be appropriated by (1) 95,000,000 shares for offering under the Private Placement with General Mandate method and (2) 12,200,000 shares to the existing shareholders for adjustment of rights of ECF-W3 warrants whereby this portion of common shares is included 200,000 shares that must be appropriated with respect to the condition that the Company paid dividends at the portion exceeding 80% of profit for the year 2018. Such increase in share capital was registered with the Ministry of Commerce on July 23, 2020.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires the public company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (Legal reserve). Premium on shares is not available for dividend distribution.

**Warrants**

The Company issued and offered 194,929,773 units of free warrants ("ECF-W2") to existing shareholders on October 20, 2017 for the purchase of incremental shares on the basis of 4 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share
Exercise price	Baht 3 per share
Exercise period	The warrants shall be exercisable with the first exercise date on November 25, 2017 and other 5 times, i.e. the 25th of February, May, August, November 2018 and the last exercise date is February 20, 2019.
Term of warrants	1 year and 4 months from the date on which the warrants are issued to the shareholders

On the same day, the Company issued and offered 129,951,632 units of free warrants ("ECF-W3") for the purchase of incremental shares on the basis of 6 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share (Adjusted right in April 2019 to 1 unit to purchase 1.0008 common shares)
Exercise price	Baht 5 per share (Adjusted right in April 2019 to Baht 4.9958 per share)
Exercise period	The warrants shall be exercisable with the first exercise date on May 25, 2019 and other 7 times, i.e. the 25th of August and November 2019, February, May, August, November 2020 and the last exercise date is February 19, 2021.
Term of warrants	3 years and 4 months from the date on which the warrants are issued to the shareholders

Subsequently on November 6, 2017, the Stock Exchange of Thailand has granted the Company's 194,929,773 (ECF-W2) and 129,951,632 (ECF-W3) units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since November 7, 2017. Details of the exercised ECF-W2 warrants are as follows:

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Exercise Date	Number of warrants exercised for purchases of common shares (Unit)	Proceeds from the exercise of warrants (Baht)	Paid-up share capital (Baht)	Premium on shares (Baht)	Number of unexercised warrants	Date of the registered increase in issued and paid-up share capital with the Ministry of Commerce
November 25, 2017	20,255,666	60,766,998	5,063,917	55,703,081	174,674,107	November 30, 2017
February 25, 2018	31,348,046	94,044,138	7,837,012	86,207,126	143,326,061	February 27, 2018
May 25, 2018	37,787,808	113,363,424	9,446,952	103,916,472	105,538,253	June 1, 2018
August 25, 2018	46,436,851	139,310,553	11,609,213	127,701,340	59,101,402	August 29, 2018
November 25, 2018	5,624,925	16,874,775	1,406,231	15,468,544	53,476,477	December 12, 2018
February 20, 2019	82,475	247,425	20,618	226,807	53,394,002	February 27, 2019

As at December 31, 2020 and 2019, the unexercised units of ECF-W3 warrants were 129,951,632. In addition, presently in February 2021, neither ECF-W2 nor ECF-W3 warrants are listed securities.

### 23. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the public company to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account ("Legal reserve") until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

### 24. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Assemblies, raw materials, and supplies used	765,168	792,562	757,090	791,916
Employee expenses	238,437	259,661	230,930	259,007
Finance costs	132,918	115,434	134,307	112,228
Depreciation and amortization	44,047	39,965	43,886	39,409
Changes in finished goods and work-in-process	39,856	(202,085)	39,762	(203,029)
Freight and transportation charges	36,680	37,192	28,025	36,947
Electricity	35,694	35,426	35,694	35,424
Bank charges	12,873	9,115	11,916	8,779
Repair and maintenance expenses	11,692	11,117	11,692	11,117
Fuels	8,683	10,338	8,683	10,338
Lease fees attributable to short-term leases	1,377	1,256	297	1,256
Lease fees attributable to leases of low-value assets	1,287	1,465	1,287	1,465
Loss (reversal of loss) on impairment of trade receivables and other receivables (presented as part of Administrative expenses)	( 2,408)	23,345	( 3,052)	22,832



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**25. INCOME TAX**

Corporate income tax recorded as expense (income) for the years ended December 31, 2020 and 2019 consists of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Income tax computed from accounting profit	8,442	15,293	7,213	14,292
Effects from non-deductible expenses	10,839	8,636	2,698	7,387
Effects from additional deductible expenses or non-taxable income	( 3,914)	( 3,522)	( 2,730)	( 1,713)
Effect from utilization of tax loss carryforward	-	( 56)	-	-
Effects from reduction in income tax rate under investment promotion	( 5,658)	( 7,316)	( 5,658)	( 7,316)
Current tax on taxable profit	9,709	13,035	1,523	12,650
Decrease (increase) in deferred tax assets	3,704	( 4,894)	3,704	( 4,894)
Increase (decrease) in deferred tax liabilities	382	( 652)	382	( 652)
Income tax presented in statement of comprehensive income	<u>13,795</u>	<u>7,489</u>	<u>5,609</u>	<u>7,104</u>
Increase in deferred tax assets pertaining to other comprehensive loss	<u>-</u>	<u>257</u>	<u>-</u>	<u>257</u>

As at December 31, 2020, a subsidiary had tax loss carryforward of approximately Baht 86.6 million whereby such loss is able to be used as tax credit during 2021 until 2025.

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2020 and 2019 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items or item not yet recognized in accounting				
- Allowance for diminution in value of obsolete and slow moving inventories	1,222	1,131	1,222	1,131
- Allowance for impairment of trade receivables and other receivables	1,198	5,178	1,198	5,178
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Liability for post-employment benefits	2,323	2,138	2,323	2,138
Total deferred tax assets	<u>5,835</u>	<u>9,539</u>	<u>5,835</u>	<u>9,539</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items as expense in accounting or taxable income:				
- Unamortized debenture issuance costs	2,222	1,840	2,222	1,840
Total deferred tax liabilities	<u>2,222</u>	<u>1,840</u>	<u>2,222</u>	<u>1,840</u>

**26. EARNINGS PER SHARE**

**Basic earnings per share**

Basic earnings per share for the years ended December 31, 2020 and 2019 are determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Profit for the year, attributable to owners of the Company	<u>41,160</u>	<u>69,887</u>	<u>30,455</u>	<u>64,349</u>
Basic weighted average number of outstanding common shares	<u>959,488</u>	<u>959,476</u>	<u>959,488</u>	<u>959,476</u>
Basic earnings per share (Baht)	<u>0.0429</u>	<u>0.0728</u>	<u>0.0317</u>	<u>0.0670</u>

**Diluted earnings per share**

Diluted earnings per share for the years ended December 31, 2020 and 2019 are determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statements	
	2020	2019	2020	2019
Profit for the year attributable to owners of the Company	<u>41,160</u>	<u>69,887</u>	<u>30,455</u>	<u>64,349</u>
Basic weighted average number of outstanding common shares	959,488	959,476	959,488	959,476
Effect from the right under the exercise of warrants	-	-	-	-
Diluted weighted average number of outstanding common shares	<u>959,488</u>	<u>959,476</u>	<u>959,488</u>	<u>959,476</u>
Diluted earnings per share (Baht)	<u>0.0429</u>	<u>0.0728</u>	<u>0.0317</u>	<u>0.0670</u>

Diluted earnings per share for the years ended December 31, 2020 and 2019 were the same amount to basic earnings per share because the average market price of the Company's common shares in 2020 and 2019 was less than the exercise price specified in the warrants. Accordingly, there was no virtual effect from the right under the assumed exercise of warrants that create dilutive potential common shares.

**27. PAYMENT OF DIVIDENDS AND INTERIM DIVIDENDS**

At the Board of Directors' meeting on April 24, 2020 (subsequently acknowledged at the general shareholders' meeting on July 8, 2020), the Company's Board of Directors unanimously passed the resolution to approve the declaration of interim dividends for the 2019 operations at approximately Baht 0.0167 per share, totalling approximately Baht 16.0 million, to the shareholders and scheduled the date for dividend payment on May 22, 2020.

At the general shareholders' meeting held on April 22, 2019, the shareholders unanimously approved the Company to pay dividends for the 2018 operations at approximately Baht 0.030227 per share, totalling approximately Baht 29.0 million, to the shareholders and scheduled the date for dividend payment was May 21, 2019.

**28. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION**

The Company has been granted promotional privileges pertaining to the promotional certificate on manufacturing and sales of furniture that is made in the plant installed the system for electricity generated from the solar power. Such privileges include among others, exemption from import duty on the imported machinery used in the promoted business and exemption from corporate income tax on net profit from the promoted business attributable in the extent not exceeding the specified amount in the promotional certificate for a period of three years from the date income was first derived from the promoted business i.e. September 10, 2019.

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Operating results classified by the promoted and non-promoted businesses for the year ended December 31, 2020 and 2019 are as follows:

2020 - Consolidated (In Thousand Baht)			
	Promoted Business	Non-Promoted Business	Total
Net sales	778,420	606,065	1,384,485
Other income (including gain on exchange rate)	326	49,612	49,938
Cost of sales	( 590,547)	( 486,681)	( 1,077,228)
Distribution costs	( 18,360)	( 43,248)	( 61,608)
Administrative expenses (including other expenses)	( 70,319)	( 82,044)	( 152,363)
Finance costs	( 74,191)	( 58,727)	( 132,918)
Share of profit from investment in associate and joint venture	-	35,142	35,142
Income tax expense	-	( 13,795)	( 13,795)
Profit for the year	25,329	6,324	31,653

2020 - Separate Financial Statement (In Thousand Baht)			
	Promoted Business	Non-Promoted Business	Total
Net sales	778,420	585,256	1,363,676
Other income (including gain on exchange rate)	326	48,221	48,547
Cost of sales	( 590,547)	( 478,509)	( 1,069,056)
Distribution costs	( 18,360)	( 30,189)	( 48,549)
Administrative expenses	( 70,319)	( 53,927)	( 124,246)
Finance costs	( 74,191)	( 60,116)	( 134,307)
Income tax expense	-	( 5,610)	( 5,610)
Profit for the year	25,329	5,126	30,455

2019 - Consolidated (In Thousand Baht)			
	Promoted Business	Non-Promoted Business	Total
Net sales	240,655	1,013,529	1,254,184
Other income (including gain on exchange rate)	258	36,459	36,717
Cost of sales	( 149,742)	( 734,986)	( 884,728)
Distribution costs	( 11,882)	( 62,943)	( 74,825)
Administrative expenses	( 26,606)	( 158,215)	( 184,821)
Finance costs	( 25,278)	( 90,156)	( 115,434)
Share of profit from investment in associate and joint venture	-	10,757	10,757
Income tax expense	-	( 2,581)	( 2,581)
Profit for the year	27,405	11,864	39,269

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

	2019 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	240,655	1,010,851	1,251,506
Other income (including gain on exchange rate)	258	33,044	33,302
Cost of sales	( 149,742)	( 733,243)	( 882,985)
Distribution costs	( 11,882)	( 62,500)	( 74,382)
Administrative expenses	( 26,606)	( 151,663)	( 178,269)
Finance costs	( 25,278)	( 86,950)	( 112,228)
Income tax expense	-	( 2,196)	( 2,196)
Profit for the year	27,405	7,343	34,748

**29. SIGNIFICANT FINANCIAL INFORMATION CLASSIFIED BY OPERATING SEGMENT**

Sales, other income, cost of sales, other expenses, and profit/loss before income tax expense are significant financial and core information of the Company and its subsidiaries that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Company and its subsidiaries have two significant operating segments (identified by internal reporting segments), i.e. (1) wood furniture and particle boards (rubber wood furniture and particle board furniture) and (2) other segments (e.g. laminating papers, dried sawn lumbers, furniture-decorating supplies, retail sales of sundry goods and energy business operated by associate and joint venture) which has been insignificant portion as compared to entire volumes and size of business activities and, therefore, are insignificant minor segments. The transfers between segments were accounted for at cost whereby the accounting policies applied to operating segments of the Company and its subsidiaries are similar to those accounting policies discussed in Note 4. In addition, the Company and its subsidiaries are unable to apportion the segment information for assets and liabilities without incurring undue costs.

Information on Products

	In Thousand Baht	
	Consolidated	
	2020	2019
Net sales		
- Wood furniture and particle boards	1,334,006	1,203,974
- Other products	50,478	50,210
Total	1,384,484	1,254,184
Other income		
- Wood furniture and particle boards	29,286	32,597
- Other products	55,795	14,915
Total	85,081	47,512
Cost of sales		
- Wood furniture and particle boards	1,034,265	809,129
- Other products	42,962	42,415
Total	1,077,227	851,544
Other expenses		
- Wood furniture and particle boards	306,952	350,711
- Other products	39,938	23,083
Total	346,890	373,794

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Information on Products

	In Thousand Baht	
	Consolidated	
	2020	2019
Profit (loss) before income tax expense		
- Wood furniture and particle boards	22,075	76,731
- Other products	23,373	( 373)
Net	45,448	76,358

Information on Geographic Areas

	In Thousand Baht	
	Consolidated	
	2020	2019
Export sales - net		
- Japan	629,355	643,142
- United States of America	103,053	13,587
- India	79,393	15,243
- China	37,517	10,667
- Philippines	9,247	7,420
- Kuwait	4,288	7,323
- Bahrain	4,202	5,130
- Dubai	1,680	-
- Malaysia	560	3,275
- Peru	-	782
Total	869,295	706,569
Domestic sales - net	515,190	547,615
Total sales - net	1,384,485	1,254,184

Other income, classified by products, included revenues from contracts with other customers, who are not attributable to the core businesses. Such revenues had timing of recognition as follows:

	In Thousand Baht			
	Consolidated			
	Wood furniture and particle boards		Other products	
	2020	2019	2020	2019
At a point in time	11,995	12,313	-	-
Over time	-	-	1,107	1,358

The Group has no any non-current assets located in the countries other than Thailand.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

*Information on Key Customers*

*(customers whose transactions exceeding 10% of total balance of transactions)*

	Percentage of Balance Attributable to Key Customers to Total Balance	
	Consolidated	
	2020	2019
Net sales		
- Wood furniture and particle boards	23.88	30.91
- Other products	-	-
- Export	36.55	32.52
- Domestic	-	26.01
- Total	22.95	29.68

**30. DISCLOSURE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

The Group is exposed to normal business risks relating to liquidity risk, credit risk, foreign currency exchange rate risk, and interest rate risk. The Group has used derivative financial instruments for hedging against the foreign currency exchange rate risk without intention for trading or speculation purposes and there was no significant change in risk management policy relating to financial instruments and financial during 2020 and 2019.

*Liquidity Risk*

The Group manages its liquidity risk and maintains a level of cash and cash equivalents including necessary borrowings as deemed adequate to finance the Group's normally continuous operations and to mitigate the effects of fluctuations in cash flows.

*Credit Risk*

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Group periodically assess the financial position and viability of customers and counterparties. The carrying amounts of receivables and loan receivables presented in the statements of financial position are the maximum exposure to credit risk.

*Foreign Currency Exchange Rate Risk*

The Group has significant business transactions internationally, including import of products and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Group reduces this risk by matching cash receipt from its customers (receivables) against cash payment to its suppliers (payables). Since 2009, the Company has started using forward exchange contracts (buy-sell) to mitigate this risk.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

As at December 31, 2020 and 2019, the Company had the outstanding forward exchange contracts (sell) as follows:

	In Thousand			
	Foreign Currency		Fixed Baht	
	2020	2019	2020	2019
Forward exchange contracts - sell				
- U.S. Dollar	54	0.5	1,623	15

In addition, the fair values of forward exchange contracts (sell) outstanding as at December 31, 2020 and 2019 were as follows:

	In Thousand Baht	
	2020	2019
Forward exchange contract - sell		
- U.S. Dollar	1,627	15

The forward exchange contracts - sell as at December 31, 2020 had maturities in June 2021.

As at December 31, 2020 and 2019, the Group had significant outstanding non-hedged foreign currency assets and liabilities are as follows:

	Consolidated and Separate Financial Statement			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2020	2019	2020	2019
- U.S. Dollar	1,632,688	2,579,898	285,106	116,253

*Interest Rate Risk*

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to current and future operations and cash flows of the Group. The Group's management believes that the interest rate risk is minimal because the Group's deposits at banks, other installment receivables, short-term and long-term loan receivables, bank overdrafts and short-term and long-term loan payables as well as other interest bearing liabilities of the Group bear fixed rate interest approximated or at the floating market interest rates.

*Fair Value Measurements*

The following assumptions were used by the Group in estimating the fair values of financial assets and financial liabilities:

Cash and cash equivalents, short-term investment, restricted deposits at banks, trade and other receivables, , short-term and long-term loan receivables, bank overdrafts, short-term and long-term loan payables, trade and other payables and lease liabilities have carrying amounts that did not materially differ from their fair values because these financial assets and liabilities will mature in a short-term period or bear fixed rate interest approximated or at the floating market interest rates (Level 2 inputs of fair value hierarchy).



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

Fair value of debentures, which are stated at the amortized cost, was disclosed as discussed in Note 18.

**31. CAPITAL MANAGEMENT**

Significant objectives of capital management of the Group are to ensure that they have the appropriate financial structure and fund structure as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2020 and 2019.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 1.86 : 1.00 in 2020 and 1.70 : 1.00 and 1.72 : 1.00, respectively, in 2019.

**32. REGISTERED PROVIDENT FUND**

The Company has arranged a contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 3% of the employees' basic salaries. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was charged as expense for the years 2020 and 2019, amounted to approximately Baht 0.2 million and Baht 1.1 million, respectively.

**33. SECURITIES TRADING ACCOUNT OF THE COMPANY**

The Company was approved by the Board of Directors' meeting on December 20, 2018 to open the securities trading account for debt instruments and equity instruments with two local securities companies whereby the amounts for debt securities amounted to Baht 50 million and for equity securities amounted to Baht 1. The Managing Director or any other persons designated by the Managing Director is authorized to open the account, execute the securities trading, sign the documents to purchase-sale-transfer of the Company's securities, and change the amounts between debt securities and equity securities.

**34. INVESTMENT IN SHORT-TERM DEBT SECURITIES**

As at December 31, 2019, this account represented investment under bills of exchange, unsecured, of a local securities company that bear interest at 3.0% p.a. and had maturities not exceeding six months from the particular issuance dates.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2020 and 2019**

**35. OTHERS**

As at December 31, 2020;

- a. The Company had letters of guarantee issued by four local banks to three private companies and a government agency totalling approximately Baht 30.0 million;
- b. The Company had commitment on purchase of land, construction of office building, construction of warehouse and improvements of infrastructure systems amounting to approximately Baht 6.0 million, Baht 46.1 million, Baht 28.0 million and Baht 9.2 million, respectively (excluding value-added tax);
- c. The Company had advance amounting to Baht 70.0 million for purchase of investment in common shares of a local company, whose business is engaged in electricity generated from wind power, from shareholder of such company who is non-related person to the Company. Such purchase of investment was approved in the Company's Board of Directors' meeting on September 10, 2019 in total amount of not exceeding Baht 200.0 million;
- d. The Company had unused letters of credit with a local bank amounting to approximately Baht 6.1 million;
- e. The Company has been during feasibility study on investment project relating to biomass power plant located in Saga prefecture of Japan with a condition that the refundable deposit of Baht 100 million shall be paid to the project owner as part of the process for such feasibility study whereby such deposit will be refunded in case the Company or the Group finally decides not to invest in the project. In 2018 and 2019, the Company partially paid such deposit amounting to Baht 75 million and Baht 25 million, respectively (totalling Baht 100 million).

**36. LOANS TO OTHER PARTIES**

As at December 31, 2020, this account represented the unsecured loans of the Company and a subsidiary given to a non-related person (interest at 7% p.a.) which is due at call.

**37. EVENTS AFTER THE REPORTING PERIOD**

At the extraordinary shareholders' meeting of subsidiary ("ECF-P") on January 4, 2021, the shareholders unanimously passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 221,630,000 (from Baht 687,652,500 to Baht 909,282,500) by issuing 22,163,000 common shares, Baht 10 par value. The first call for share subscriptions is scheduled at Baht 6 per share (60%), totalling Baht 132,978,000, to be paid for the first payment of this increase in share capital within January 12, 2021.

At the Board of Directors' meeting on February 25, 2021, the Board of Directors passed the resolutions to approve the following significant matters which will be proposed for approval in the upcoming shareholders' meeting to be held in April 2021:

- a. Declaration of dividends for the 2020 operations at Baht 0.0125 per share, totalling approximately Baht 12 million, and scheduled the date for dividend payment on May 21, 2021.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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- b. Decrease in the Company's authorized share capital of Baht 59,289,649.50 (from previously Baht 299,161,547.00 to Baht 239,871,897.50) by eliminating the unissued 237,158,598 common shares, Baht 0.25 par value.
- c. Increase in the Company's authorized share capital of Baht 47,974,379.50 (from previously Baht 239,871,879.50 to Baht 287,846,277.00) which is divided into 191,897,518 common shares, Baht 0.25 par value. Such incremental common shares shall be appropriated to support the issuance of free ECF-W4 warrants of 191,897,518 units to the existing shareholders on the basis of 5 common shares for 1 unit of warrant. Other details of ECF-W4 warrants shall be considered and approved in the shareholders' meeting.

**38. APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying financial statements have been approved to be issued by the Company's Board of Directors' meeting on February 25, 2021.