

-Translation-**No. ECF2 032/2559**

November 11, 2016

Subject : Management Discussion and Analysis of the 3rd quarter ended September 30, 2016To President
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the separate and consolidated financial statements of the 3rd quarter ended September 30, 2016. The details are as follows:

Operating Performance1. Revenues

Million Baht

Quarter 3.2016	Consolidated				Separate			
	Quarter 3		Change		Quarter 3		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Revenue from sale – net	310.14	332.23	-22.09	-6.65%	304.03	332.04	-28.00	-8.43%
Other income	6.23	6.27	-0.04	-0.69%	7.48	6.69	0.79	11.80%
Total Revenue	316.37	338.50	-22.14	-6.54%	311.51	338.72	-27.21	-8.03%

Separate Financial Statements : Revenue from sale – net was Baht 304.03 million and 332.04 million for the 3rd quarter of the Year 2016 and 2015 respectively, decreased by Baht 28.00 million or 8.43%. According to the world economic that had an impact on the Company could not control the revenue as forecast. Total revenue was Baht 311.51 million and Baht 338.72 million for the 3rd quarter of the Year 2016 and 2015 respectively so the total revenue decreased from the same period by Baht 27.21 million or 8.03%.

Consolidated Financial Statements: Total revenue of consolidated was included the revenue of subsidiaries which was held by the Company more than 50% of total shares comprising VV-Décor Company Limited operating to be the distributor of foil paper and ECF Holdings Company Limited operating retail shop under brand “Can Do”. Total revenue was Baht 316.37 million decreased by 6.54% that the significant cause was decrease from furniture business.

Million Baht

9M.2016	Consolidated				Separate			
	9M		Change		9M		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Revenue from sale – net	992.71	964.08	28.63	2.97%	980.53	963.64	16.89	1.75%
Other income	15.45	17.69	-2.24	-12.67%	15.12	18.78	-3.67	-19.51%
Total Revenue	1,008.16	981.77	26.38	2.69%	995.64	982.42	13.22	1.35%

In conclusion, the revenue of 9M.2016 when comparing to 9M.2015 could increase continuously both of revenue from sale-net and total revenue from furniture business and the subsidiaries' operation. However the furniture business grew mainly from domestic sales by growth rate about 6% for 9M of 2016.

2. Cost of goods sold and expenses : Consolidated

Million Baht

	Quarter 3		Change	
	2016	2015	Amount	%
Cost of goods sold	217.53	237.06	-19.52	-8.24%
Selling expenses	40.50	35.42	5.07	14.32%
Administrative expenses	36.49	29.33	7.16	24.41%
Financial costs	16.48	10.95	5.53	50.49%
Income tax expense	0.69	3.71	-3.02	-81.43%
Total cost of goods sold and expenses	311.69	316.47	-4.78	-1.51%

The overview of cost of goods sold and expenses of Q3.2016, the company could manage the cost of production and cost of goods sold more efficient from the policy of management in factory. The percentage of cost of goods sold represented 70.14% comparing to 71.35% of Q3.2015.

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

- Selling expenses increased with the significant causes from promotion expense and advertising expense regarding to Can Do : retail business.
- Administrative expenses increased from the operating expenses of the subsidy that run Can Do retail shop. Moreover the expenses from furniture business increased by employee benefits and bonus expense on accrual basis.
- Financial cost increased from the debenture that has just issued and offered at interest rate 5.4%/year.

Moreover for the period of quarter 3.2016 the Company received the profit from disposal of solar power plant of ECF Tornado Energy GK at Himeji, Japan with the installation capacity at 1.5 MW. This project was held by ECF Holdings Company Limited (ECFH) at 51% of total shares and ECFH is the subsidiary of ECF by holding at 75% of total shares of ECFH. This transaction resulted to shares of profit from the proceed invested in associate of quarter 3.2016 represented Baht 30.95 million. This transaction brought to the special profit that happened on quarter 3.2016.

3. Profit for the period

Million Baht

Quarter	Consolidated				Separate			
	Quarter 3		Change		Quarter 3		Change	
	2015	2016	Amount	%	2015	2016	Amount	%
Gross profit	92.60	95.17	-2.57	-2.70%	86.12	94.98	-8.86	-9.32%
Profit (Owners of the parent)	28.07	22.33	5.74	25.71%	6.29	22.71	-16.42	-72.30%
Total Comprehensive Income for the Period	29.14	27.75	1.38	4.98%	6.29	22.71	-16.42	-72.30%

Separate Financial Statements : The Company could generate the profit of quarter 3.2016 and 2015 by Baht 6.29 million and Baht 22.71 million respectively, decreased by 72.00% approximately. The main reasons came from selling expense and administrative expense increased significantly when comparing to the same period and revenue from sales missed the target from the world economic problem.

Consolidated Financial Statements : Profit (Owners of the parent) Baht was 28.07 million increased represented percentage of increase at 25.71% with significant cause from realizing the profit from disposal of solar power plant in Japan.

Million Baht

Quarter	Consolidated				Separate			
	9M		Change		9M		Change	
	2015	2016	Amount	%	2015	2016	Amount	%
Gross profit	286.73	256.44	30.29	11.81%	280.34	256.00	24.34	9.51%
Profit (Owners of the parent)	57.04	56.96	0.07	0.13%	45.82	58.76	-12.94	-22.03%
Total Comprehensive Income for the Period	57.49	61.30	-3.81	-6.21%	45.82	58.76	-12.94	-22.03%

In sum, the profit of 9M.2016 came from gross profit that could increase at 11.81% including the profit (owners of the parent).

Financial Position : Consolidated Financial Statements1. Total Assets

Statement of Financial Position	September 30, 2016		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,423.24	71%	861.96	57%	561.28	65%
Non-Current Assets	588.91	29%	644.24	43%	-55.33	-9%
Total Assets	2,012.15	100%	1,506.20	100%	505.95	34%

As of September 30, 2016, the Company's total assets was Baht 2,012.15 million, increased by Baht 505.95 million or 34% approximately from as of December 31, 2015. Main reason was the increase of Cash and cash equivalents increased from Baht 61.10 million to Baht 428.83 million as of September 30, 2016. The Company received cash from the issuance of debenture in May and is waiting for the investment on an interesting project.

2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	September 30, 2016		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	938.74	47%	918.11	61%	20.63	2%
Non-Current Liabilities	585.07	29%	134.44	9%	450.63	335%
Total Liabilities	1,523.81	76%	1,052.54	70%	471.27	45%
Shareholder's Equity	488.34	24%	453.66	30%	34.69	8%
Total Liabilities and Shareholder's Equity	2,012.15	100%	1,506.20	100%	505.95	34%

As of September 30, 2016, the Company's total liabilities was Baht 1,523.81 million, increased by Baht 471.27 million or 45% approximately from as of December 31, 2015 resulted from the debenture that was issued and offered in May.

Shareholder's Equity as of September 30, 2016 was Baht 488.34 million increased from 453.66 million as of December 31, 2015 from increasing of paid-up capital and premium on shares of exercising the Warrants in May.



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Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)
Managing Director