

ANNUAL REPORT 2014


ECF บริษัท อีสต์โคสต์เฟอร์นิเจอร์ จำกัด (มหาชน)
EAST COAST FURNITECH PUBLIC COMPANY LIMITED





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www.elegathai.com

www.ecf-furniture.com

ECF

Contents

Vision and Mission	1
Message from the Chairman	2
Message from the Chairman of the Executive Directors	3
Message from the Managing Director	4
Board of Directors and Audit Committee	5
Board of Executive Directors and Management Team	7
Company General Information	9
Policy and Overview of Business	12
Type of Business	14
Products Characteristics	17
Revenue Structure	28
Policy and Objective of Business	30
Status of Export and Furniture Industry	31
Risk Factors	34
Shareholders	38
Dividend Payment Policy	40
Management Structure	41
Corporate Governance	56
Corporate Social Responsibility	67
Internal Control and Risk Management	79
Related Transaction	80
Audit Committee Report 2014	85
Statement of Responsibilities of the Board of Directors on Financial Statements	87
Financial Highlights	88
Management Discussion and Analysis (MD&A)	95
Financial Statements and Notes to Financial Statements	111
<u>Enclosure</u> : Details of Director, Executive and Company Secretary	

VISION

“Committed to be the leader in furniture business in Southeast Asia with excellence in management according to international standards leading towards the ultimate satisfaction”

**MISSION**

“To be an entrepreneur in providing quality furniture, focused on customer satisfaction oriented by complying with management policy that leads to ultimate efficiency and effectiveness”



Message from the Chairman

Dear Shareholders

East Coast Furnitech Public Company Limited



On behalf of the Board of Directors of East Coast Furnitech Public Company Limited I would like to express my gratitude to all shareholders for their trust in, and support of, the Company to enable it to pass this moment and achieve the success in the year 2014 for another year. In 2014 the Company was able to deliver satisfied milestone from sales revenues of 1,209.05 million baht. The growth rate increased from the previous year by 5.12 percent. Even though the growth rate of sales revenues and total revenue did not meet our set target due to domestic and international economic status, the Executive team was nevertheless be able to generate a the net profit from operations in the amount of 69.88 million baht, representing growth rate in 71.32 percent. The major causes for the increase were that the Company was able to manage cost of sales by ordering products at a lower cost. Whilst in the year of 2014, the price of major raw materials for production has not significantly increased resulting

from the Management policies in the past year to enhance cost effectiveness in performance, the Company also focuses on the principles of good governance with diligence to maintain the sustainable benefits of the shareholders and stakeholders from all parties.

I would like to thank the executives and all staffs for your contribution and effort and be a major power to drive the Company forward to achieve stable and sustainable growth and commit to the transparent operational guidelines based on good governance and social responsibility. I strongly believe that the fundamental work which is based on these principles will result in the sustainable growth of the Company in the future.

At this moment I wish the shareholders, management team and all staffs happy, prosperous and wealthy.

**On behalf of the Board of Directors
East Coast Furnitech Public Company Limited**

A handwritten signature in black ink, appearing to read 'No. a. m. b.', with a large, stylized flourish at the end.

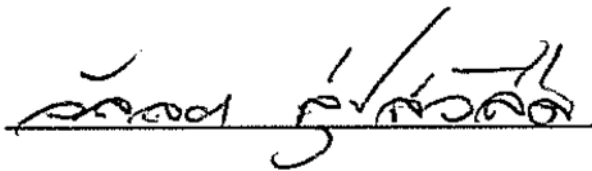
**(General Terdsak Marom)
Chairman**

Message from the Chairman of Executive Directors**Sawaddee Krup****Shareholders of East Coast Furnitech Public Company Limited**

The previous year of 2014 was another important year for the Company. As everyone may know, East Coast Group has established its first juristic entity under the name of East Coast Industrial Company Limited to operate sawmill, oven factory, and a rubber wood transformation plant. The Company gradually expanded the business by establishing more juristic entities to the total of five companies. Its operations covered from being a manufacturer and distributor of rubber wood furniture, furniture from particle board, foil paper and dried transformed rubber wood. After that, the organization was restructured to become a single company, which is East Coast Furnitech Public Company Limited and it has been registered in the Market for Alternative Investment (mai). It is obvious that the foundation of the Company has started from being a manufacturer and distributor of furniture. In 2014, with the vision of executive team to expand the business to different areas, we began operating a renewable energy business and the Company has signed Memorandum of Understanding (MOU) to jointly produce rooftop solar cell energy with Gunkul Engineering Public Company Limited. Apart from this, the Company has established a subsidiary company, ECF Holdings Company Limited and the Company holds shares with the proportion of 51 percent to be the investor in different business to expand growth which will be happening in the future.



Challenges associated with knowledge, capability, other business vision which will incur in the future of management team will start again. I would like all shareholders to support management team to be able to overcome the obstacles and lead the business to progress and grow steadily. That will be ultimate goal of all management. We will further continue to keep our commitment to build profitable return to all shareholders.

Thank you**(Mr. Wanlop Suksawad)****Director and Chairman of Executive Committee**

Message from the Managing Director**Dear Shareholders****East Coast Furnitech Public Company Limited**

The year of 2013 was considered another big year, for ECF to be listed in Market Alternative Investment (MAI). But 2014 is the year which challenged the ability of executive teams and all staff to operate with the commitment of continued growth. Whilst the external factors are unfavorable, obstacles incur; for examples, Japan, our main customer in international market, had policies to increase its consumption tax from 5 to 8 percent resulting from 2013 not later than the first quarter of 2014, Japanese customers have accelerated the delivery of many products in the aforementioned period which caused the volume of delivery to later decrease. Furthermore, the Japanese government dissolved parliament for a new election. This resulted in the Japanese people feeling uncertain about their government administration and policies from new government has impacted towards the product order as well. Nonetheless, factors which help the sales revenue of the Company grow despite missing the target are the growth of export to other groups of countries, such as Bahrain, the United States of America, Chile, the Philippines, and India with the continued sales growth and the growth of buying power from domestic consumers, of which administrative revenue is still be able to support to pass the past year. However, the capital and expenses of the Company are manageable and have proportion of cost of sales compared with sales revenue in the lowest rate compared with that in the past three years. This resulted from the policies to the Production Department, Procurement Department and Planning Department to manage and reduce costs and expenses in the production process which was successfully implemented. In 2014, the Company decided to move toward other business operations which started from a renewable energy business involving in solar energy plant. This business began with a rooftop solar cell energy plant which proved to be extremely challenging for executives and teams. Apart from that, we are exploring new business opportunities to expand the renewable power plant using other models such as bioenergy, biomass plant etc.

On behalf of the Managing Director, I would like to express my gratitude to our customers, shareholders, partners, executive team and teams from all departments who have worked to create growth and strength for the Company with full capability.

Mr. Arak Suksawad

A handwritten signature in blue ink, appearing to be 'A. Suksawad', written over a light blue horizontal line.

Managing Director

Board of Directors and Audit Committee

4

1

2

3

1. General Therdsak Marom

Chairman of the Company
Audit Committee
Independent Director

2. Asso.Prof.Dr.Montri Socratyanurak

Chairman of the Audit Committee
Independent Director

3. Mr.Chalee Suksawad

Vice President

4. Mr.Wanlop Suksawad

Director

Board of Directors and Audit Committee (cont.)

8

5. Asso.Prof.Songklod Jarusombat

Audit Commiteee
Independent Director



5



6

6. Mr.Arak Suksawad

Director
Managing Director



7

7. Mrs.Waraporn Suksawad

Director

8. Miss Tippawan Suksawad

Director
Deputy Managing Director

Board of Executive Directors



Mr. Wanlop Suksawad

Chairman of the Executive Directors



Mr. Chalee Suksawad

Executive Director



Miss Tippawan Suksawad

Executive Director



Mr. Arak Suksawad

Executive Director

Management Team



Mr. Arak Suksawad

Managing Director

Marketing Director



Miss Tippawan Suksawad

Deputy Managing Director



Mrs. Supak Suksawad

Assistant Managing Director (Branch office)



Mr. Sittichoke Chinnurat

Assistant Managing Director (Head office)



From left to right

1. Miss Pachanan Singphu Accounting and Financial Director
2. Mr. Racha Pojariya Factory Director of Head Office
3. Mr. Attaphol Thanapol Factory Director of 1st Branch

Company General Information**Head Office****First Branch****Second Branch**

Company's name in English	:	East Coast Furnitech Public Company Limited (ECF)
Date of registration	:	October 12, 1999 as the Company Limited Later as of October 18, 2012, The company has registered and transformed into Public Company Limited and changed the name to "East Coast Furnitech Public Company Limited"
Registered company/ TAX ID	:	0107555000449

Type of business	:	A manufacturer and distributor of furniture made of particle board and rubber wood, foil paper for using as a raw material for furniture manufacturing, a manufacturer and distributor of dried rubber wood, a distributor of furniture by the branches of showrooms, and the service in cutting of pasting edge (PVC)
Head office	:	37/9 Moo 10 Banbueng – Klaeng Road, Tambon Tang-Kwiang, Klaeng District, Rayong 21110
Branches		
<u>First</u>	:	29/1 Moo 3 Soi Chongko – Chunnumnai Tambon Wangchan Amphor Wangchan Rayong Province ; This branch is used as a factory for furniture manufacturing, sawmill for rubber wood and dried rubber wood, and production of foil paper using as a raw material furniture manufacturing.
<u>Second</u>	:	25/28 Moo 12 Tambon Buangkamploy, Lumplokka District, Patumtani Province ; This branch is used as a general management division and a warehouse. The Company also has other 13 registered branches using as the showrooms for display and distribution as of December 2014
Telephone	:	+66 38-886-372-4
Fac	:	+66 38-678-220
Home Page	:	www.ecf-furniture.com , www.elegathai.com
Paid-up capital	:	130,000,000 baht (One Hundred Thirty Million Baht Only) from all registered capital of 195,000,000 baht (One Hundred and Ninety Five Million Baht Only). In the part of registered capital to be paid with the amount of 65,000,000 baht dividing to numbers of shares of 260,000,000 shares with a par value at 0.25 baht and has been allocated to support the use of convertible rights of warrants at 1 (ECF-W1)
Par value per share	:	0.25 baht (Twenty Five Satang)

Reference**Registrar**

Register's name	:	Thailand Securities Depository Co., Ltd.
Location	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey 10110, Thailand

Telephone : +66 2359-1200

Auditor

Auditor's name : Mr. Methree Ratanasrimetha

Location : M.R. & Associates Co., Ltd. 89 Chaopraya Tower Building, Room 706 Soi. Wat Suanpru, Chareonkrung Rd. Khwang Bangrak, Khet Bangrak Bangkok 10500

Telephone : +66 2630 7500 or 0-2714-8842-3 or 0-2185-0342

Fax : +66 2630 7506 or 0-2185-0225

Law consultant

Law consultant's name : Mr. Tanandon Chareonrit / Mr. Amnad Jumpasarn

Location : Kritthitham Law Firm, 9 Soi Intamara 7, Suttisarnvinidchai Rd., Khwang Samseannai, Khet Phayathai Bangkok

Telephone : +66 2279 3141

Fax : +66 2616 6384

Company Secretary Office and Investor Relations

Assistant to Company Secretary : Miss Sarisa Thongkittikul

Location : 25/28, Mu 12, Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani, 12150

Telephone : +66 2152-7301-4, extension number 212

Fax : +66 2152-7305

Email : ir@eastcoast.co.th

Investors can see more detail in the Company's Annual Information form, "the 56-1" from www.sec.or.th or the Company's website www.ecf-furniture.com or www.elegathai.com

Policy and Overview of Business

East Coast Furnitech Public Company Limited: ECF (“Company”) defines vision and goal of business with the commitment to dominate market shares in the first rank out of 5 ranks of furniture business of Thailand.

At present, the tendency of volume of growth sales in the furniture group including particle board, rubber wood, has continuously increased. The mentioned increase in sales volume results from the continuous flow of orders due to the confidence of international customers, especially in Japan with whom the Company has traded with for more than 10 years. The confidence results in the growth rate in sales volume tended to increase steadily including domestic demand for furniture and the opportunity to expand the market to emerging countries tends to increase as well. Therefore, the Company needs to plan for production capacity, adjust production process to be modern and fast to support increasing purchase orders and within timeframe.

In 2014, the Company received a significant increase in orders from international customers from the customer groups in different countries such as Bahrain, The United States, Chile, India and the Philippines. The growth of sales for these groups of customers has impacted overall export revenue of the Company increase continuously.

For new customers, the Company has plan to focus on expanding the market to other country groups which have increased demand and tends to expand continuously such as Countries in ASEAN Economic Community (AEC), Middle East countries. Other than that there are existing countries that the Company already has customer database. At present the marketing team is still focusing on the strategy of expanding customers in the existing countries to increase continuously.

For domestic customers, the Company will produce and sell furniture products to different groups of customers such as modern retail shops (Modern Trade) which order by using product brands of the Company such as brand MUSE which distributes to Tesco Lotus, Brand LEAF which sells to Home Pro Brand Fur Direct sells through Big C, Brand a7 which sells to Mega Home and latest brand of CUBE which started to distribute through Thai Watsadu in 2014. Sales take place through showrooms of the Company under the brand of ELEGA and the distribution through retail shop group and furniture wholesaler (Dealer) nationwide. In 2014, the Company still generated sales revenue from domestic customers which increased continuously.

East Coast Furnitech Public Company Limited (ECF) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and oversea, and a service provider in cutting of pasting edge (PVC) using as a raw material for particle board furniture.

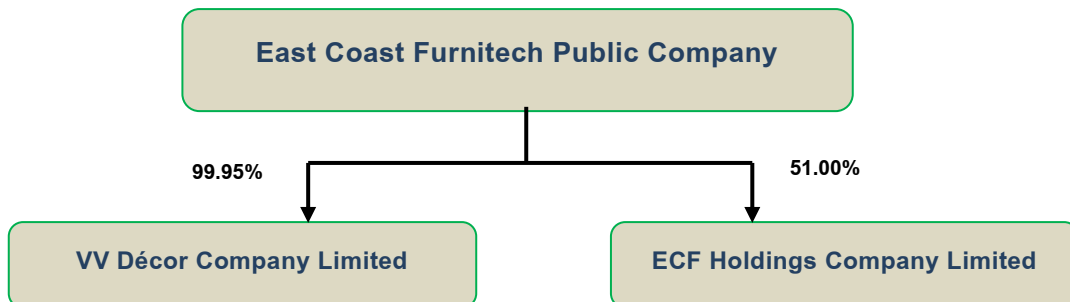
VV-Décor Co.,Ltd. is the only one subsidiary which the company holds 99.95 percent of the registered capital. It has registered capital of 1,000,000 Baht with fully paid-up. It operated its business as trading of foil paper to some customers of the Company.

Product line of ECF and subsidiary can categorize into 5 types:

1. Rubber wood furniture
2. Particle board furniture
3. Furniture distributed through showroom
4. Foil paper
5. Dried rubber wood

As of February 23, 2015, the Company has registered a subsidiary in the name of “ECF Holdings Company Limited” which will operate mainly as a holding company. Now the Company holds shares at the proportion of 50% from total registered capital 1,000,000 Baht divided by common stocks 10,000 shares at the par value of 100.00 Baht. ECF Holdings Company Limited has set the principle by being an investor to invest in other businesses such as renewable energy business or other businesses that will happen in the future.

Diagram about Group of Companies



Type of Business

East Coast Furnitech Public Company Limited (ECF) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and oversea, and a service provider in cutting of pasting edge (PVC) using as a raw material for particle board furniture.

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Product line of ECF and subsidiary can categorize into 5 types:

1. Rubber wood furniture
2. Particle board furniture
3. Furniture distributed through showroom
4. Foil paper
5. Dried rubber wood

ECF is main revenue from manufacturing and distribution of made-to-order, and from manufacturing and distribution of the Company brand of the particle board furniture and rubber wood to domestic and oversea customers. Domestic customers comprise of modern trade such as Tesco Lotus, Big C, Home Pro, Mega Home, and Thai Wasadu. Oversea customers are made-to-order customers who are various furniture distributors and large modern trade companies in Japan. Revenue from sale is mostly from Japan consist of 50% following by revenue from sale in domestic.

Brands that the company manufactures and distributes to modern trade comprise of in-house brands which are “**Muse**” “**Fur Direct**” “**Leaf**” “**a7**” and “**CUBE**”. They are the brands that ECF manufactures to Tesco Lotus, Big C, Home Pro, Mega Home and Thai Wasadu respectively. Brand “**ELEGA**” is the brand that the Company uses for the distribution in showroom and exhibit its product which distributes only rubber wood furniture manufactured by ECF and real wood furniture acquired from domestic and oversea. As of December 31, 2014, The Company’s showrooms located in Index Living Mall and Home Pro are total of 11 branches and 2 branches respectively. Over than the distribution channels mentioned above, ECF also has the revenue from furniture distributing to the group of wholesaler and retail dealer under the brand “**Costa**”. Since the fourth quarter of 2014 the Company has begun operating using company’s website to sell the products via www.elegathai.com. Now the Company is in the process of creating the sales revenue from this channel for future growth.

Company's Brands



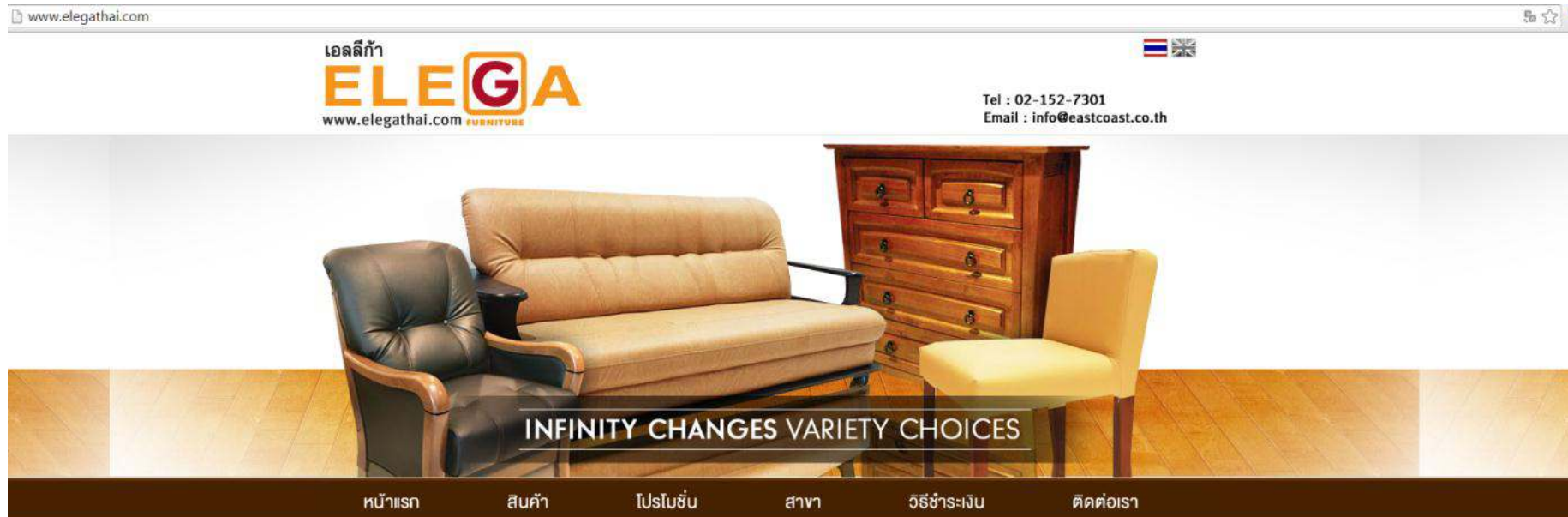
Showroom "ELEGA"

The Company's showrooms located in Index Living Mall and Home Pro are total of 11 branches and 2 branches respectively

- Rental area in Index Living Mall comprises of Bang Na, Rangsit, Bang Yai, Ratanathibeth, Kaset-Navamin, Petchkasem, Ratchapruek, Nakorn Ratchasima, Chiang Mai, Pattaya and Chonburi with a new comer at Hat Yai, Songkla Province.
- Rental area in Home Pro comprised of Chacheangsao and Suphanburi.



Online channel via www.elegathai.com



PROMOTION

สินค้าราคาพิเศษ HOT @ ONLINE SHOPPING price

-  Bed Room
-  Living Room
-  Dining Room

ลด ทั้งร้าน รับลมร้อน

SHOP ONLINE
WWW.ELEGATHAI.COM

เฟอ์ร์นิจเจอร์ ลด 20%

ยังช้อป . . . ยิ่งคุ้ม !!!

FREE

ซื้อสินค้าครบ 10,000.- ซื้อสินค้าครบ 20,000.- ซื้อสินค้าครบ 30,000.- ซื้อสินค้าครบ 40,000.- ซื้อสินค้าครบ 50,000.-

รับของ 3 ชิ้น 2 ประตู จำนวน 1 ตัว
รับของ 904 จำนวน 1 ตัว
ตู้เก็บของ รุ่น chest target จำนวน 1 ตัว
รับของ 904 จำนวน 1 ตัว และ
ตู้เก็บของ รุ่น chest target จำนวน 1 ตัว
เก้าอี้ รุ่น ออดี จำนวน 1 ตัว หรือ
โต๊ะ console veneer จำนวน 1 ตัว

Products Characteristics

East Coast Furnitech Public Co., Ltd. (“the Company” or “ECF”) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and overseas as well as a service provider in cutting the pasting edge (PVC) as raw material for particle board furniture.

Main 5 products of ECF started from the beginning of business operations as a rubber wood sawmill in which the rubber wood shall be dried and lumbered to rubber wood plate as a raw material for ECF’s furniture manufacturing while some portions shall be sold to other furniture manufacturers or general customers. For particle board which generates main revenue for the Company, raw materials shall be purchased from suppliers who are not all with connected transactions. All purchased particle board shall be finished with foil paper which was manufactured by the Company. Most foil papers shall be utilized internally with only some portions for sale. Finishing particle boards shall then enter the manufacturing process. Moreover, ECF also imported some furniture for sale in our 13 showrooms (as at 31 December 2014). Details are as follows:

1. Lumbered rubber wood and dried rubber wood

Rubber wood is in the same group with teak, having intermediate weights and strength but at a lower price. It can be processes, sawn or planed with ease so it is well-known and popular worldwide in the name of “white teak”. Currently, rubber plantation trees are generally harvested for wood after they complete the latex producing cycle, when they are 25 to 30 years old. When the latex yields become extremely low, the trees are then fell, and new trees are usually planted. According to Office of the Rubber Replanting Aid Fund’s regulations, rubber farmers must seek approval for cutting down before taking the rubber wood into lumbering process. Lumbered rubber wood is an important raw material for rubber wood furniture manufacturing and ECF has complete lumbering process.

The first step is purchasing the rubber timber for sawing before having them dried. ECF plans to purchase the rubber wood in each cycle to avoid the shortage which may cause interruption in the manufacturing process. Experience and expertise are significant in the manufacturing process, starting in the sawmill, timber will be sawn at a specific size then impregnated by water solution then adjusted the moistness by drying to avoid the shrinkage or stretch which may cause cracking, splitting or warping. Moistness reduction with high pressure also protects the wood against fungal and insect attacks so that the rubber wood is standardized and ready for furniture manufacturing. Sawing rubber wood is different than other woods as the timbers are usually curved as well as there are many joints and flaws so automatic sawing cannot be applied.

95% of lumbered rubber wood shall be forwarded to ECF's manufacturing process while the remaining shall be sold to general customers or small rubber wood manufacturers.

Lumbered rubber wood and dried rubber wood



2. Rubber Wood Furniture

Rubber wood furniture is strong furniture as it is built from real wood. Main raw materials are rubber and other woods which are 35% of the cost structure but this percentage varies according to the market price of rubber wood.

Due to its strength, rubber wood furniture is popular for outdoor usage or customers who live in fluctuating climate areas. When compared to particle board furniture, rubber wood furniture's price is more expensive, therefore, the popularity of rubber wood furniture is for niche market only.

ECF's rubber wood furniture is categorized into 3 groups as follows:

Category	Product
1	Dining Table
2	Living Room
3	Bedroom

Rubber Wood Furniture

1. Dining Set Products





2. Living Room Products



3. Bedroom Products



ECF will manufacture and sell to these customers:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trade in Japan.
2. Domestic sale to Home Pro in the brand “Leaf”.
3. Sale in rented area in 13 showrooms of Home Pro and Index Living Mall in the brand “ELEGA”.

3. Particle Board Furniture

This is modern furniture with particle board as the main raw material at 50% of cost structure while the foil paper is approximately 10%. Particle board is made of crushed rubber and other woods then pack with urea formaldehyde resin. The up and down layer is fine wood chips while the middle layer is rough wood chips. Consequently, the particle board cannot be attached with nails or surface or edge decorated. Most particle board size is 4 x 8 feet with the thickness from 6 – 35 millimeters.

Particle Board



Particle board is the lightest board in fiber boards and with less strength to MDF board and other hard woods. Moreover, particle board will expand easily when exposed to the moistness. However, particle board is popular for interior usage as it has light weight, cheap and easy to move. In addition, particle board is environmental-friendly as no hard woods in the forest shall be cut down.

Particle board manufacturing process is easier as most process is done via machines and it requires less time when compared to hard woods furniture manufacturing. Therefore, the lower production cost is the main advantage. ECF then increases the capacity in manufacturing particle board furniture by adding the semi-automatic machines in order to decrease the labor expenses as well as increase the effectiveness and efficiency.

Products of particle board are categorized into 6 types as follows:

Type	Product
1	Multi-purpose shelves
2	Multi-purpose cabinet
3	Wardrobe
4	Computer desk/working desk
5	Television cabinet
6	Shoes cabinet
7	Dressing table/bed

Products of particle board



Products of particle board (cont.)

ECF will manufacture and sell to these customers:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trade in Japan.\
2. Domestic sale to Tesco Lotus, Big C, Home Pro, Mega Home and Thaiwatsadu in the brand "Muse", "Fur Direct", "Leaf", "a7" and "CUBE" respectively.

4. Furniture sale via showrooms

As at 31 December 2014, ECF comprises of 13 rented areas in Index Living Mall and Home Pro in the brand "ELEGA" and this brand is rubber wood furniture manufactured by ECF of 60% plus wood furniture purchased from domestic and overseas for sale of 40%. These products are:

1. Dining Set
2. Living Room
3. Bed Room

Furniture sale via showrooms



Furniture sale via showrooms (cont.)



5. Foil Paper

ECF produces and sells foil paper which is used in coating the particle board for fine looking and ready for furniture manufacturing. Foil paper can be designed in various paints such as hard wood, cartoon, graphic or by order. The hard wood style is suitable for fiber board due to easy production with low cost. Therefore, particle board furniture's price has more advantage than general hard wood furniture.

All particle board purchased from manufacturers shall be coated with foil paper in ECF's factory for cost reduction. ECF also sells foil paper to general customers and some shall be sold through ECF's subsidiaries such as VV-Décor Co., Ltd. At present, 40% of foil papers are sold to general customers.

Foil paper



Revenue Structure

1. Revenue from each category

Category	Year 2012		Year 2013		Year 2014	
	MB	%	MB	%	MB	%
1. Particle board furniture	747.47	69.41	821.48	68.84	852.47	69.01
2. Rubber wood furniture	195.16	18.12	202.62	16.98	176.59	14.30
3. Furniture sold via showrooms and dealers	69.86	6.49	95.47	8.00	108.82	8.81
4. Foil Paper	50.16	4.66	50.22	4.21	61.65	4.99
5. Dried rubber wood	2.08	0.19	2.98	0.25	9.51	0.77
Net sales revenue	1,064.73	98.87	1,172.76	98.28	1,209.05	97.88
Other revenue ^{1/}	12.12	1.13	20.55	1.72	26.16	2.12
Total revenue	1,076.85	100.00	1,193.31	100.00	1,235.21	100.00

Note : ^{1/} Other revenue means profit (loss) from sales of fixed assets, rental and service revenue, interest received, profit (loss) from exchange rate, servicing for cutting the edge of PVC, sales of waste, revenue from export compensation, discount, etc.

2. Revenue from distribution channels

Distribution Channel	Year 2012		Year 2013		Year 2014	
	MB	%	MB	MB	%	MB
1. Made to order	658.24	65.01	740.34	66.13	690.41	60.67
2. ECF brands	284.39	28.09	283.76	25.35	338.66	29.76
3. Showroom	65.76	6.49	82.93	7.41	89.18	7.84
4. Warehouse and dealer	4.10	0.40	12.54	1.12	19.64	1.73
Total revenue from furniture^{1/}	1,012.48	100.00	1,119.56	100.00	1,137.89	100.00

Note : ^{1/} Total revenue of furniture sales equals particle board furniture and rubber wood furniture and showroom and warehouse and dealer sales

3. Revenue from domestic or overseas

Channel	Year 2012		Year 2013		Year 2014	
	MB	%	MB	MB	%	MB
1. Domestic	406.49	38.18	432.53	36.88	467.52	38.67
2. Overseas	658.24	61.82	740.23	63.12	741.53	61.33
Net Sales	1,064.73	100.00	1,172.76	100.00	1,209.05	100.00



Policy and Objective of Business

ECF has set the revenue growth policy since early 2014 to be continuous with that of 2013, however, there were many uncontrollable situations such as policy from Japanese government which is ECF main made-to-order customers of more than 50%. These groups have slowed down their order since they speed up the product delivery from 2013 to the first quarter of 2014 to avoid the increase of consumption tax from 5% to 8%. Moreover, in the end of 2014, Japan also dissolved the parliament for new election so customers are not certain about the economic policy of the new government. Nevertheless, ECF managed to solve this situation by paying more attention to customers in other countries which resulted in tremendous revenue increase. Together with the high growth in domestic sales, the overall sales growth in 2014 was 3%. ECF well focused on cost management that 2014 had the least cost, 73.38% during the past 3 years which generated the net profit at 71.32% when compared to the last year.

For 2015, ECF aims in continuing the revenue from the main business; particle board and rubber wood furniture manufacturing and sales. Moreover, ECF shall focus more on products with value added as the main policy. Though domestic economic situation still shows no clear recovery, ECF shall strictly control the production cost and operating expenses to maintain the close ratio of profit when compared to the previous year. In addition, ECF shall categorize number of customers with distribution channels to be the performance indicator and expect both domestic and overseas sales shall increase. Such measure also indicates how the Company expand customer base as well as spread risk of depending on either group of customers.

With regarding the business expansion in PV solar rooftop and solar farm in Japan, ECF has signed the MOU with Gunkul Engineering PLC. for mutual business cooperation. ECF Holdings, the Company's subsidiaries (51%) was established to be shareholder in renewable energy business, environmental-friendly power provider and other businesses which may have in the future. ECF trusts in expanding business in other sectors besides the furniture business.

Status of Export and Furniture Industry

Status of furniture export in 2014

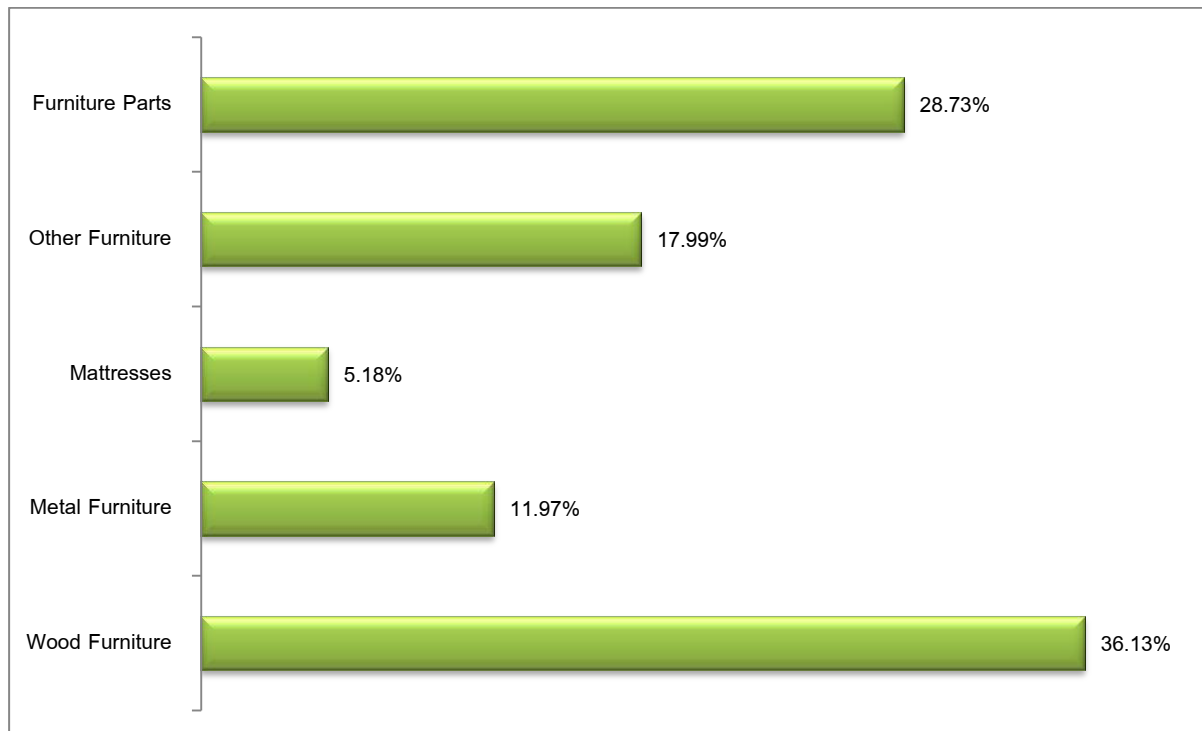
In 2014, the overall export revenue of furniture including wood furniture, metal furniture, mattress and other furniture had a value of 38,540.14 million baht which was 2.86% growth rate when compared to 2013. Details are as follows:

Unit : Million Baht

Export figure	2012	2013	Growth rate	2014	Growth rate
Furniture and parts	35,291.79	37,478.31	6.20%	38,549.14	2.86%
Divided into:					
Wood furniture	14,291.79	13,781.06	-3.57%	13,928.22	1.07%
Metal furniture	3,221.74	3,685.33	14.39%	4,613.01	25.17%
Mattresses	1,855.75	1,845.48	-0.55%	1,997.04	8.21%
Other furniture	6,375.05	6,674.32	4.69%	6,934.33	3.90%
Furniture parts	9,547.46	11,492.12	20.37%	11,076.54	-3.62%

Comparison of export value

Wood furniture export value ranks the first when compared to other products.



Japan is the biggest market for furniture export but the value decreased at 9.35% in 2014 due to the increase of consumption tax from 5% to 8%, together with Japan's parliament dissolved for new election so customers are not certain about the economic policy of the new government.

Considering the trade in AEC, Thailand's export value to AEC was 5,818.16 million baht in 2014 which was 15.67% growth when compared to 2013. Furniture and parts export value was 15.09% when compared to 13.42% in 2013.

From such information, ECF is planning to expand more of its business to AEC and also developing human resources to cover AEC market.

Competition Status in Furniture Industry

Currently, the market for furniture industry has total value of 70,000 million baht with 4 major traders. Two in these 4 traders are manufacturers who sell to end-user under their own brands while the other trader focuses on manufacturing all types of furniture and sells through showrooms and real estate projects. The 4th trader mainly manufactures according to order from their biggest retailer only. Therefore, all 4 traders are not considered direct competitor to ECF as we do not have the same target group. For companies who manufacture and sell furniture to modern trade like ECF, there are only 4 companies which place their products in such modern trade. However, these 4 companies are small to middle size companies with limited capacity and none of them has sales volume close to ECF's. Consequently, 60% of ECF products are for export so our competitor is HEVEA PAC Malaysia SDN BHD of Malaysia.

Furniture Industry Status

At present, furniture industry has developed with vast growth rate so in order to cope with the change, ECF has to study, develop and adjust to the trend. These factors directly impact to research, development and marketing of products. ECF forecasts that the trend of furniture will fall into these 3 categories:

1. Value-add furniture. ECF will develop this kind of product by getting license and develop the existing furniture from such licensee.
2. Multifunction furniture. Thailand's population is increasing continuously. City-life pattern for middle-class people make them require small and practical space which is affordable and easy to take care. Therefore, condominium and small houses are now popular so the furniture needs to be multifunctional for limited space and ECF needs to develop these types of furniture.
3. Environmental-friendly furniture. People all over the world are trying to be friendly with environment as much as possible so the raw material selection must be according to this issue as well. ECF, therefore, has to pay attention in environmental-friendly production with quality design so that its products are practical with suitable useful life.



Risk Factors

Business Risks

1. Risk from competition in the industry

In Thailand, There are currently 4 major manufacturers and distributors (excluding the company) of furniture which such 4 major operators have total revenues from the sale of furniture about 20,000 million baht per year from the total revenue of furniture market in Thailand. However, comparing target group of such 4 operators, the target groups are different from the company's. In other words two of four such operators operates in the form of large furniture retailers and sell products under their own brands and sell products directly to customer (End-user) through their branches. Whilst, another one focuses on the full range of furniture products that cover almost all types of furniture and distributes its products through showrooms and real estate projects. The other manufactures the furniture for the only one major furniture retailers. Thus, such 4 major operators are not direct competitor of the company because of the difference in target customers. When considering a furniture manufacturer and distributor for modern trade like the Company, there are currently 4 operators which sell their products through such modern trade. However, due to their size of such companies which are all small-size to medium-size, their capacity to the order size are limited and no one has similarity of sales revenue to the Company's. Considering the competition from abroad, there is only one operator which operates the similar business as the company's and also has the same target oversea customer which is HEAVE PAC Malaysia SDN BHD in Malaysia. However, with the good relationship with buyers and emphasizing on the quality of product, along with the production that can meet the customers' need, most of the foreign customers have been ordered with the Company for more than 10 years.

2. Risks from the competition of new operators and liberalization of the AEC

The Company sells furniture to customers both in Thailand and outside. Its local sales and export sales during the fiscal year 2013 represented 36.88 percent and 36.88 percent of its sales revenue, respectively. The figures from the fiscal year 2014 were 38.67 percent and 61.33 percent of sales revenue, respectively.

The above data reveal that the Company started to earn improved revenue from domestic sales, as its domestic sales revenue grew by approximately 8.1 percent. With regards to distribution channels, this growth was a result of the growth of over 19.3 percent of its house-brand products, followed by the products available at the showroom ELEGA, which grew by 7.5 percent and products sold to the wholesalers and dealers, which grew by over 56.6 percent compared to the previous year. Maybe, this was due to local consumers' changing behavior. That is, they shifted to purchase vertical residences, or condominiums, in the city areas to reduce the travel cost and time, and they were more likely to perceive house or office furniture as fashion goods. Consequently, there was a gradual increase in the demand for furniture, as witnessed through the opening of new branches of major furniture manufacturers and sellers in 2014. In 2015, new

branches are being opened, which may draw the attention of new operators with adequate capital to invest in the furniture manufacturing and selling business. Furthermore, another concern is trade liberalization after the AEC starts in 2016. Among the ASEAN member countries, Malaysia is Thailand's major competitor with respect to furniture products. However, the competition in the ASEAN market may not be very tense because each country focuses on its highlight products. For example, Indonesia is good at producing outdoor furniture, while Malaysia has expertise in producing cheap furniture with mass production. The Philippines is outstanding in furniture design but has small-volume production. As for Vietnam, it is most similar to Thailand, but its weakness is related to raw materials – Vietnam needs to import all of its raw materials for furniture production. The Company has been prepared for potential risks from price competition. It has formulated policies to optimize its production process, to efficiently manage production costs and expenses, and to expand the customer base to attract new customers in Thailand and outside. It also has plans to enhance its production capacity to meet market demands that is tending to grow, by focusing on competition in terms of product quality and competitive prices. With its advantage in terms of efficient cost management, the Company is able to set competitive prices. Furthermore, with its product quality that has been recognized by domestic and foreign customers for over 10 years, the Company is confident that it will only be slightly affected by such risks.

3. Risk from exchange rate

The company sells its products to oversea customers by the terms of payment denominated in U.S. dollars. In fiscal year 2013 and 2014, the Company had the proportion of selling products abroad of 63.12 percent and 61.33 percent of revenue from sale respectively. Moreover, the company imported raw materials to produce foil papers, which in fiscal year 2013 and 2014 the Company had the proportion of purchasing such raw materials of 3.82 percent and 3.97 percent of the total raw material purchase respectively. Therefore, the Company may have a risk from the fluctuation of exchange rate which may affect the net profit of the Company. However, the Company has financial instruments for hedging such risk. As of December 31, 2014, the Company had forward contract with a financial institutions of 1 million U.S. dollars or 32.40 million baht in order to reduce some impact from exchange fluctuation in the future.

4. Risk from a lack of long-term purchasing agreements

The Company manufactures and sells its furniture via the two major channels:

Channel 1 : The Company manufactures and sells its made-to-order furniture, mostly to overseas customers. In the fiscal years 2013 and 2014, the value of the Company's made-to-order goods was equal to 740.34 and 690.41 million baht, which represented 66.13 percent and 60.67 percent of the total furniture sales revenue, respectively.

Channel 2 : The Company manufactures and sells its furniture using its own brands to modern trades, which include "Leaf" (for Home Pro), "Muse" (for Tesco Lotus), "Fur Direct" (for Big C), "a7" (for Mega Home), and "CUBE" (for Thai Watsadu). In the fiscal years 2013 and 2014, the sales value of the Company's house-brand products was equal to 283.76 million baht and 338.66 million baht, which represented 25.35 percent and 29.76 percent of the total furniture sale revenue, respectively.

As previously mentioned, the sales of made-to-order and house-brand products are the Company's major sale distribution channels. The Company receives orders from domestic and overseas customers every year. As the customers have not entered into a long-term purchasing agreement with the Company, the Company has a risk from uncertainty of the order quantities. The customers may reduce their order volume or stop placing orders in the future, which may affect the Company's business operations and profitability. However, because the Company's products are of high quality and set at reasonable prices, coupled with the fact that their deliveries are on time, its made-to-order and modern trade customers have continually placed orders to the Company.

Production Risks

1. Risks associated with raw materials

- Risks associated with raw material shortages

In the fiscal years 2013 and 2014, the particle board that the Company purchased represented 40.33 percent and 39.34 percent of the total raw material purchase value. The proportions of both years were similar, and the Company did not enter into any purchase contracts with any particular suppliers. Thus, in the future, the Company might be faced with a risk associated with raw material procurement if the suppliers cannot provide it with sufficient raw materials or refuse to sell them. Being aware of such a risk, the Company has prevented it by ordering its necessary raw materials from seven major potential suppliers, together with maintaining a good relationship with them for a long time. More than 80 percent of its suppliers have sold the raw materials to the Company for over seven years.

- Risks from fluctuations in raw material prices

The main raw materials for furniture manufacturing consist of particle board and rubber wood. In 2014, the prices of these raw materials did not swing very much – their price changes did not impact its costs structure. It was a year when the prices of the raw materials were stable.

As for rubber trees, they are planted by farmers mainly for tapping latex to make rubber sheets for sale, so rubber wood is a by-product of growing rubber trees. Because of their lower latex production, older trees will be cut down and sold. Since the restrictions on the cutting of trees in many forests, rubber wood has gained more interest, especially by the furniture manufacturing business. If the demand for rubber wood increases, this will affect the costs of rubber wood and also the profitability of the business. However, it can be seen that since 2014, the price of rubber wood has been more stable.

Overall, concerning the management of the costs of both raw materials, the Company always closely monitors the swing in their prices to prevent risks from price fluctuations that may affect its performance.

2. Risk of labor shortages

In the business of producing and selling furniture and foil paper, labor is a key factor. As of December 30, 2014, the Company had a total of 1,191 employees, which consisted of 210 full-time

employees and 981 daily-waged employees. Approximately 80.00 percent of daily-wage workers are in factories/production, which require a lot of labor. This affects the Company's production costs and competitiveness. In a typical year, there is always a turnover and expansion of the production process. This may decrease or increase the turnover rate so that the production capacity may be affected during some periods. Being aware of the risks, the Company formulated guidelines for preventing risks of labor shortages, and it has never confronted this problem. In addition, it has plans to improve its production lines by importing sophisticated machines to ensure a better automated system, which will help alleviate the potential impact of labor shortages, to some extent.



Shareholders

The Company has registered capital of 195,000,000 baht (One Hundred Ninety Five Million Baht Only) which has been divided into 780,000,000 ordinary shares at par value of 0.25 baht (Twenty Five Satang). The paid up capital is equivalent to 130,000,000 baht (One Hundred Thirty Million Baht Only) which has been divided into 520,000,000 ordinary shares at a par value of 0.25 baht per share (Twenty Five Satang)

Major Shareholders : As of December 30, 2014. (Total Shareholder 3,196 people)

Name	Number of shares (share)	Proportion (% of paid-up capital)
1. Suksawad Group	344,380,500	66.2270%
1.1 Mr. Wanlop Suksawad	80,032,000	15.3908%
1.2 Mrs. Waraporn Suksawad	13,991,600	2.6907%
1.3 Mr. Chalee Suksawad	79,990,800	15.3828%
1.4 Mr. Arak Suksawad	79,990,800	15.3828%
1.5 Miss Tippawan Suksawad	79,990,800	15.3828%
1.6 Mr. Thamrong Suksawad	10,381,700	1.9965%
1.7 Mrs. Suphak Suksawad	400	0.0001%
1.8 Mr. Sitthichock Chinnurat	400	0.0001%
1.9 Mstr. Wantana Suksawad	400	0.0001%
1.10 Miss. Warisara Suksawad	400	0.0001%
1.11 Miss. Supichaya Suksawad	400	0.0001%
1.12 Mstr. Peerawut Suksawad	400	0.0001%
1.13 Mstr. Nopparut Suksawad	400	0.0001%
2. Wiriyatorphan Group	7,699,400	1.4807%
2.1 Mrs. Wassana Wiriyatorphan	7,468,700	1.4363%
2.2 Mr. Vitthaya Wiriyatorphan	230,700	0.0444%
3. Miss Sunee Sae-Low	5,514,100	1.0604%
4. Mrs.Kanokrut Haingphai	4,411,900	0.8484%
5. Phatthamasatyasonthi Group	6,215,000	1.1952%
5.1 MissPitchpim Phatthamasatyasonthi	3,215,000	0.6183%
5.2 Mr.Akekarith Phatthamasatyasonthi	3,000,000	0.5769%
6. Mr.Kanuengnij Jinda	3,006,100	0.5781%

Name	Number of shares (share)	Proportion (% of paid-up capital)
7. Chantarueangvanij Group	3,422,700	0.6582%
7.1 Mrs.Maiyarut Chantarueangvanij	2,445,198	0.4702%
7.2 Mr.Pakom Chantarueangvanij	402,700	0.0774%
7.3 Mr.Sathorn Chantarueangvanij	367,637	0.0707%
7.4 Mr.Chayathorn Chantarueangvanij	207,165	0.0398%
8. Thebphusawattana Group	2,355,000	0.4529%
8.1 Mr.Sukchai Thebphusawattana	2,070,000	0.3981%
8.2 MissWilawan Thebphusawattana	160,000	0.0308%
8.3 Mr.Chavalit Thebphusawattana	65,000	0.0125%
8.4 MissWimol Thebphusawattana	60,000	0.0115%
9. Panitch Group	2,103,500	0.4045%
9.1 Mr.Prasit Panitch	1,800,000	0.3462%
9.2 MissPrapatsorn Panitch	303,500	0.0584%
10. MissKhemmakorn Wachiravarakarn	2,000,000	0.3846%
10. Mr.Samatcha Lowthangnarintara	2,000,000	0.3846%
11. Other shareholders (3,164 people)	136,891,800	26.3253%
Total shares	520,000,000	100.0000%

Foreign shareholders: December 30, 2014. There is 1 foreign shareholder with total shares of 294,000 shares or 0.06 percent of paid-up capital

Note: The Company has a limitation on the percentage of equity shares held by foreign shareholders stated in the article 11 of that "the Company's shares can be transferred without restriction unless 49 percent of paid-up stock is held by foreign shareholders".

Dividend Payment Policy



The Company's policy is to declare dividend payments to the shareholders at a rate not less than 40% of its consolidated net profit after corporation tax, financial statement and legal reserves. The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions. The Company's Board of Directors shall be empowered to consider the option. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting. Exemption is on interim dividend payment which the Company's Board of Directors shall be authorized to make decision and report the decision at the next shareholders' meeting.

Management Structure

Board of Directors and Audit Committee



Board of Directors

As of December 31, 2014, the Company's management/organization structure consists of 8 Board of Directors as follows.

- | | | |
|----|--------------------------|--|
| 1. | General Therdsak Marom | Chairman/ Audit Committee / Independent Director |
| 2. | Dr. Montri Socratyanurak | Chairman of the Audit Committee / Independent Director |
| 3. | Mr. Chalee Suksawad | Vice President |
| 4. | Mr. Wanlop Suksawad | Director |
| 5. | Mrs. Waraporn Suksawad | Director |
| 6. | Mr. Songklod Jarusombat | Audit Committee / Independent Director |
| 7. | Mr. Arak Suksawad | Director |
| 8. | Miss Tippawan Suksawad | Director |

The Company secretary is Miss Tippawan Suksawad and secretary to Board of Directors is Miss Pachanan Singphu

The Authorized Directors are : Mr. Wanlop Suksawad, Mrs. Waraporn Suksawad, Mr. Chalee Suksawad, Mr. Arak Suksawad, Miss Tippawan Suksawad, at least 2 Directors together jointly sign with the Company's seal affixed.

Limitation of directors' powers : - None-

Scope of duties and responsibilities

The Company's directors must fulfill their duties in compliance with the law, the objectives and the Company's Articles of Association, and the resolutions of shareholders' meetings, and with all due honesty, integrity, and care for the interests of the Company.

- 1) Accountability to Shareholders. The Company respects shareholders' right and treats all shareholders fairly and equitably.
- 2) Formulating the Company's policy and direction
- 3) Authorized to approve the responsibility chart
- 4) To control and monitor the management's discharge of functions in accordance with the policies set forth in an efficient and effective manner in order to maximize the company's economic value.
- 5) To approve capital investment to expand the business including to join venture capital with other company.
- 6) To take the responsibility of preparation financial reports and provide to the auditor and / or the audit committee.
- 7) To appoint the Executive Director, and define the authority and responsibilities of the Executive Committee.

However, the committee who has any conflict of interest or any other conflict of interest with the company shall be not entitled to vote on such respective matter.

In addition, in any of the following cases, it shall be approved by the Board of Directors Meeting, and the Meeting of Shareholders with votes of not less than 3 out of 4 of the total votes of shareholders attending the meeting and entitled to vote.

- Sale or transfer of either whole or substantial part to any other person
- Purchase or acquisition of a private company or other public company
- Amend or cancel the contract relating to the leases of the company either whole or substantial part, assign any other person to manage the businesses of the company, or a merger with another person for the purpose of sharing profit and loss.
- Amend or add the Articles of Association or company's regulations
- Increase or decrease of the registered capital, Dissolution, Issue of the debentures, and Company's merger with another company.

Structure of the Board of Director Committee consist of 8 members, 3 persons shall be the independent committee / Audit committee, and 1 of 3 persons shall be the chairman of the company who is not the same person with the managing director. The Board of Director Committees should have various types of knowledge such as accounting, financial, administration, production and marketing, etc.

Audit Committee

As of December 31, 2014, the Company has three Audit Committee members consisting of

- | | |
|--|---------------------------------|
| 1. Associate Professor Dr. Montree Socratyanurak | Chairman of the Audit Committee |
| 2. General Terdsak Marom | Audit Committee |
| 3. Associate Professor Songklod Jarusombat | Audit Committee |

Miss Pimrumpai Boonchana is the secretary of the Audit Committee.

Notes: The Audit Committee member who has the knowledge and experience in reviewing the reliability of financial statement is Associate Professor Dr. Montree Socratyanurak.

Scope of Authorization and Responsibility of the Audit Committee

1. Review to ensure that the Company has correct and adequate financial reports.
2. Review to ensure that the Company has appropriate and effective internal controls and internal auditing and consider the independency of the Internal Audit Department as well as providing opinions to consider the assignment, rotation and termination of internal auditors or other departments which are responsible for internal audits.
3. Review to ensure that the Company has complied with law pertaining to the Stock Exchange, regulations of the Stock Exchange and relevant laws on business of the Company

4. Consider, select and propose to nominate individuals who are independent to perform the duties of an auditor for the Company, as well as propose the amount of compensation for the aforementioned individuals, and to attend the meeting with auditor without participation of management team at least one a year.

5. Consider items which are related to items that may have conflicts of interest to be in accordance with applicable laws and regulation of the Stock Exchange to ensure that these items are reasonable and results in ultimate benefits for the Company

6. Prepare reports of the Audit Committee and disclose the Committees findings in the Company's Annual Report. The mentioned reports must be signed by Chairman of the Audit Committee and must be composed of the following minimum information:

- (a) Opinion on the correctness, completeness, reliability of the financial report of the Company.
- (b) Opinion on adequacy of the internal controls of the Company.
- (c) Opinion on the compliance with laws pertaining to assets and the Stock Market, regulations of the Stock Market, or relevant laws pertaining to the business of the Company
- (d) Opinion on the suitability of the auditor
- (e) Opinion on possible conflicts of interest items
- (f) Numbers of meetings of the Audit Committee and participation in the meeting of each Committee
- (g) Opinion or overall observation by the Audit Committee during the performance of their duty in accordance with Charter of the Audit Committee (Charter)
- (h) Other items which shall be acknowledged by shareholders and general investors under the scope of duty and responsibility designated by the Committee of the Company

7. Any action in accordance with the Committee of the Company assigned with the approval of the Audit Committee.

8. The Chairman of the Audit Committee and the Audit Committee have a term of office as indicated in the regulations of the Company

The Audit Committee's term of office is three years.

Risk Management Committee

As of December 31, 2014 the Company has three Risk Management Committee members consisting of:

- | | |
|--|-----------|
| 1. Associate Professor Dr. Montree Socratyanurak | Chairman |
| 2. Mr. Chalee Suksawat | Committee |
| 3. Mr. Arak Suksawat | Committee |

Scope of Authorization and Responsibility of Risk Management of Committee

1. Determine policies and guidelines of risk management based on overall business operation of the Company that may have to cover all types of important risks such as financial risk, exchange rate risk and marketing risk and other risks that may impact the operation.
2. Evaluate and analyze risk factors that can happen to the organization and determine risk criteria of risk measurement to monitor, audit and determine level of risk that the Company can accept.
3. Determine risk management process, evaluate, control, monitor and develop the process to ensure maximum efficiency and suitable in managing all types of possible risks.
4. Regularly report to the committees of the Company upon management, operation and latest situation, changes including improvement areas and notify the Audit Committee for acknowledgement to review the adequacy and properness for the aforesaid improved process.
5. Manage and control overall risk management of the organization in accordance with good governance principles.
6. Provide risk management working team.
7. Perform duties based on assignment from the Company.

The Risk Management Committee will conduct the meeting twice a year and report to the Nomination Committee and the Board of Directors for acknowledgement.

Management Team

As of December 31, 2014, there are seven directors as the names were shown below:

1. Mr. Arak Sukasawad Managing Director, Sale and Marketing Director (Be in charge)
2. Ms. Tippawan Sukasawad Deputy Managing Director
3. Mrs. Supak Sukasawad Assistant Managing Director (Branch Office)
4. Mr. Sittichoke Chinnurat Assistant Managing Director (Head Office)
5. Mr. Phaitoon Ratchruethai Factory Director of Head Office
6. Mr. Aatthaphol Thanaphol Factory Director of 1st Branch
7. Ms. Pachanan Singphoo Accounting and Financial Director

Note :- Details of Board of Director and Executive Director as show in the attachment.

Scope of duty and responsibility of the Managing Director

1. Supervise the operations of the company in accordance with the policy or business plan, and able to authorize other director or person to manage the daily assignment.
2. Authorized to define and monitor the overall operating system in order to be in the line with the Company's policy.
3. To execute as the Board of Directors and / or Executive Director's Committee assign to.
4. The Executive Director Committee is authorized to approve the purchase, hire, lease , hire-purchase, sale any properties, and authorized to make investment, and spending any expenses

- necessary to the operation of the company as detailed in the authority plan approved by the Board of Director.
5. Authorized to approve the purchase of property, or any payment due to the company's operations as to the contract and / or agreements with suppliers as detailed in the authority plan set forth by the Board of Director.
 6. To consider investment plan and / or funding for the company to propose to the Board of Directors and / or Executive Director's Committee by orderly.
 7. Authorized to hire, appoint, transfer, discharge, terminate, determine wage rate, reward, increase salaries, remuneration and bonus for all employees whose positions are lower than the division manager level.
 8. Authorized to open and close various types of deposit account with bank or financial institute in order to facilitate for the Company's operation.
 9. Require authorization of designation the Advisors who are appropriate for the Company's operation from Board of Director's Committee.
 10. Authorized to execute the command, regulations, announcement, memorandum in order to be in line with the Company's policy, and to maintain internal discipline.
 11. To propose the administrative model to Board of Director's Committee.
 12. To propose the overall operation's conclusion to Board of Director's Committee and Executive Director's Committee.
 13. To control and monitor on domestic and foreign marketing.

However, delegation of authority and responsibility of the president as above articles, the president must follow the regulations which approved by Board of Director's Committee. The delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to persons in circumstances that would lead to conflicts of interest with the Company and its subsidiaries (accordance with the 'Notification of the Capital Market Supervisory Board'). The above approval must propose to Board of Director's Committee in the shareholders' meeting according to the Company's regulations or related laws.

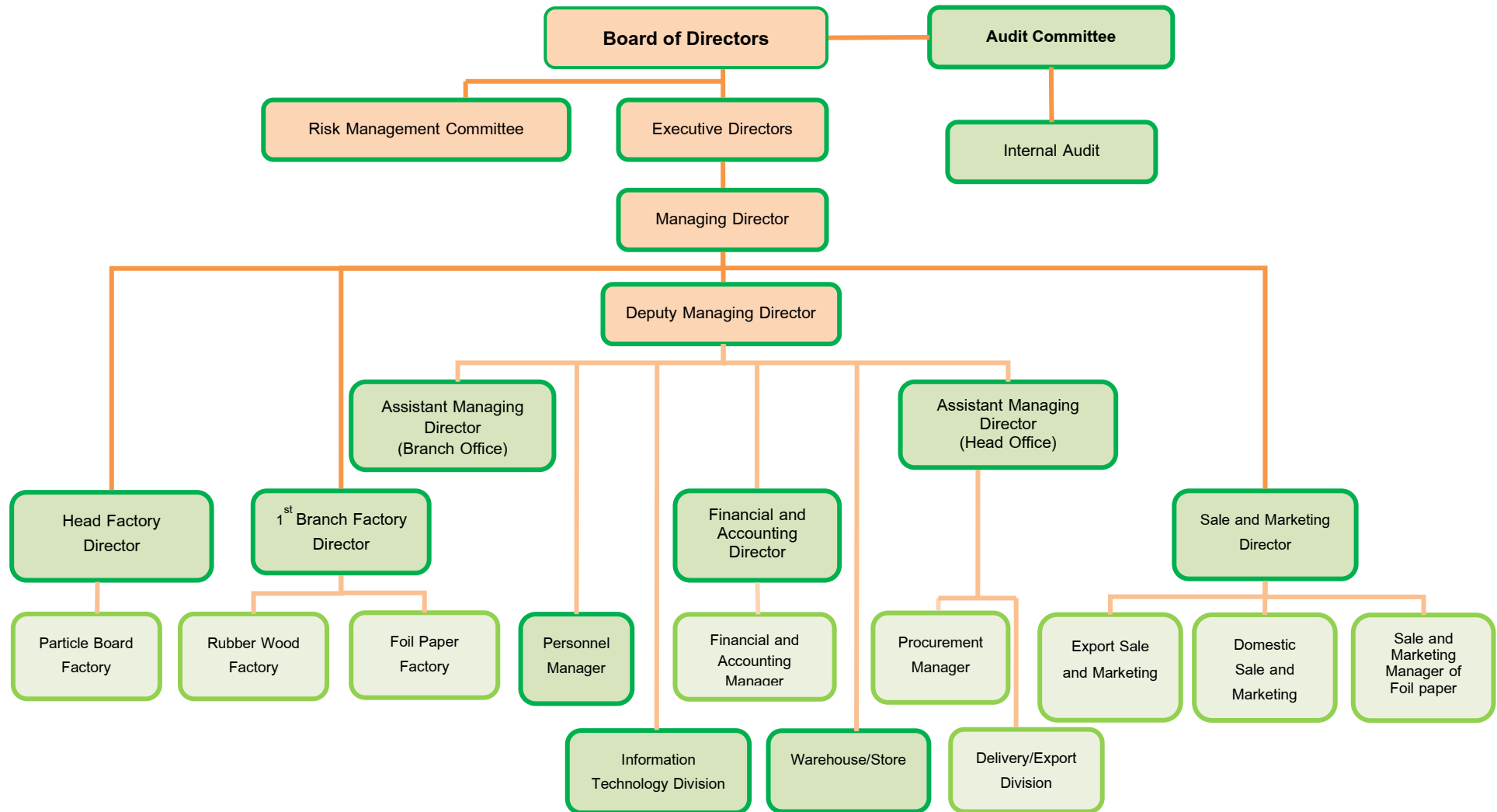
For any other purposes except for the above articles, the president does not have the authority unless, occasionally assigned from Board of Director's meeting only.

Approval Limit

Subject	Executive Committee	Managing Director	Deputy Managing Director	Assistant to Deputy Managing Director
1.Approval for unbudgeted of annual budget	Not more than 10% of total budget	Not more than 500,000 baht/transaction/project	-	-
2.Approval for approved fixed assets	Not more than 30 MB	Not more than 10 MB	-	-
3.Approval for maintenance	Not more than 5 MB	Not more than 3 MB	Not more than 2 MB	Not more than 100,000 baht
4.Approval for office supplies	Not more than 5 MB	Not more than 5 MB	Not more than 1 MB	Not more than 100,000 baht
5.Approval for sales of real estate	Not more than 10 MB	Not more than 1 MB	-	-
6.Approval for sales of assets excluding real estate	Not more than 5 MB	Not more than 500,000 baht	-	-
7.Approval for credit line	Not more than 100 MB	-	-	-

Note : Should the approval is beyond the authority of Executive Committee, an approval from the Board of Directors is required.

Organization Chart as of December 31, 2014



Company Secretary

Miss Tipawan Suksawad is ECF's Company Secretary according to Section 89/15 The Public Limited Companies Act B.E. 2535 and The Public Limited Companies Act B.E. 2551 (No. 4) and shall perform the duties with responsibilities as follows:

1. To basically advise the Board of Directors regarding the related laws, rules and regulations, the Company's Articles of Associations and ensure that the Board of Directors comply with such laws as well as report all significant changes in relevant laws, rules and regulations to the Board of Directors.
2. To coordinate between the Board of Directors and executive management in the relevant laws, rules and regulations.
3. To organize the Board of Directors' meeting, the annual general meeting of shareholders as required by laws.
4. To record the minutes of the said meetings, as well as to monitor the relevant parties to efficiently comply with the said resolutions of those meetings.
5. To disclose to the shareholders and other related parties according to the rules and regulations stipulated by the SEC and SET, and to prepare a policy on good corporate governance of the Company.
6. To be "Contact Person" with all relevant regulatory authorities; SEC, SET and TSD.
7. To take care and keep in custody of important documents, such as
 - Register of the Company
 - Notice and minutes of the Board of Directors' Meeting
 - Notice and minutes of the Shareholders' Meeting
 - The Register of major Shareholders, Register of Directors and Executives
 - Reports of conflicts of interest filed by directors and the management.
 - Annual Report
 - Annual Registration Statement (Form 56-1)
8. To perform other tasks as assigned by the Board of Directors and the Capital Market Supervisory Board.

In addition, should the Company Secretary is unable to perform his duty, Board of Directors shall appoint a new Company Secretary within 90 days after the position is vacant. Board of Directors is authorized to appoint a director to resume the work during that period.

Executive Directors and Management Compensation

- Compensation in cash

a. Director's and sub-committee's remuneration

At the Annual General Meeting of Shareholders 2014 held on April 8, 2014, the company approved and determined the 2014 remuneration for the directors as follow:

1) Monthly Salary :

- Chairman THB 20,000 / person / month
- Director THB 10,000 / person / month
- Chairman of Audit Committee THB 15,000 / person / month
- Audit Committee THB 10,000 / person / month

2) Meeting Allowance : THB 5,000 / person

3) Bonus or Incentive : Consider from overall operation

The company approved and determined the 2014 remuneration for the directors amounted to less than THB 3,500,000.

Note : As Corporate Governance Policy, the Company has set out and control the director and senior executive remuneration except salary and meeting allowance as above detail or as approved at the board's meeting. In case of other remunerations over 1,000,000 baht/person/year, it must be declared at the board's meeting reasonably and must be approved previously.

The number of directors attending a meeting including with remuneration for the Company's directors in the past 3 years (during 2012 – 2014) as shown below.

Board of Directors

Name of Director	Yr 2012		Yr 2013		Yr 2014	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	3	3	5	5	6	6
2. Asso.Prof.Dr. Montri Socratyanurak	3	3	5	5	6	6
3. Asso. Prof. Songklod Jarusombat	3	3	5	5	6	5
4. Mr. Chalee Suksawad	6	6	5	5	6	6
5. Mr. Wanlop Suksawad	6	6	5	5	6	6
6. Mrs. Waraporn Suksawad	6	6	5	5	6	6
7. Mr. Arak Suksawad	6	6	5	5	6	6

Name of Director	Yr 2012		Yr 2013		Yr 2014	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
8. Ms. Tippawan Suksawad	6	6	5	5	6	6

Note : The General Meeting of Shareholders No. 4/2012 held on September 25, 2012, approved the appointment of three new directors, namely General Therdsak Marom and Asso.Prof.Dr. Montri Socratyanurak, assuming a position of the Audit Committee Chairman and Independent Director, and Asso. Prof. Songklod Jarusombat as the Audit Committee and Independent Directors.

Audit Committee

Name	Yr 2012		Yr 2013		Yr 2014	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	2	2	4	4	4	4
2. Asso.Prof.Dr. Montri Socratyanurak	2	2	4	4	4	4
3. Asso. Prof. Songklod Jarusombat	2	2	4	4	4	3

Risk Management Committee

Name	Yr 2013		Yr 2014	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socratyanurak	1	1	2	2
2. Mr.Chalee Suksawad	1	1	2	2
3. Mr.Arak Suksawad	1	1	2	2

Director's remuneration in the past 2 years (during 2013 – 2014) as shown below.

Board of Directors

Name	Yr 2013				Yr 2014			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Therdsak Marom	240,000	25,000	80,000	345,000	240,000	30,000	100,000	370,000
2. Asso. Prof. Dr. Montri Socratyanurak	120,000	25,000	80,000	225,000	120,000	30,000	50,000	200,000
3. Asso. Prof. Songklod Jarusombat	120,000	25,000	50,000	195,000	120,000	25,000	50,000	195,000
4. Mr. Chalee Suksawad	120,000	25,000	50,000	195,000	120,000	30,000	50,000	200,000
5. Mr. Wanlop Suksawad	120,000	25,000	80,000	225,000	120,000	30,000	50,000	200,000
6. Mrs. Waraporn Suksawad	120,000	25,000	50,000	195,000	120,000	30,000	50,000	200,000
7. Mr. Arak Suksawad	120,000	25,000	50,000	195,000	120,000	30,000	100,000	250,000
8. Ms. Tippawan Suksawad	120,000	25,000	50,000	195,000	120,000	30,000	50,000	200,000
Total	1,080,000	200,000	490,000	1,770,000	1,080,000	235,000	500,000	1,815,000

Audit Committee

Name	Yr 2013				Yr 2014			
	Salary	Meeting Allowance	Salary	Meeting Allowance	Salary	Meeting Allowance	Salary	Meeting Allowance
1. General Therdsak Marom	120,000	20,000	-	140,000	120,000	20,000	-	140,000
2. Asso.Prof.Dr. Montri Socratyanurak	180,000	20,000	-	200,000	180,000	20,000	-	200,000
3. Asso. Prof. Songklod Jarusombat	120,000	20,000	-	140,000	120,000	15,000	-	135,000
Total	420,000	60,000	-	480,000	420,000	55,000	-	475,000

Risk Management Committee

Name	Yr 2013	Yr 2013
	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	5,000	10,000
2. Mr.Chalee Suksawad	5,000	10,000
3. Mr.Arak Suksawad	5,000	10,000

Management's Remuneration

Management's Remuneration	Yr 2012		Yr 2013		Yr 2014	
	No. of persons	Amount (Baht)	No. of persons	Amount (Baht)	No. of persons	Amount (Baht)
Salary	7	6,686,000	7	8,125,750	7	10,824,000
Bonus	-	-	-	-	-	476,000
Provident Fund	-	63,210	-	233,412	7	342,720
Others	7	6,749,210	7	8,359,162	7	11,642,720

- Note :
- The Extraordinary General Meeting of Shareholders No. 4/2012 held on September 25, 2012 approved the establishment of the provident fund, which the company completed the establishment on 20 November 2012.
 - Over the past, the company did not pay the directors any remuneration except for the salary only.

In case that the revisions of additional compensations to the Company's Board of directors and / or executives are not parts of their salaries, wages, benefits, pension, bonus which value more than 1,000,000 baht for each person/ year, the revision must be brought to a meeting indicating the needs of the additional compensations.

The revisions must be reasonable and can be verified as reasonable. For example, by assigning an official vehicle; all expenses involved such as monthly payments and a driver's wages that are worth more than 1,000,000 baht (for each person/ year) must be brought to a meeting for verification and approval by the Board Committee.

- **Other Remuneration**

- None -

Human Resources

- **The number of employee (excluding with the management team)**

The number of the Company and subsidiaries' employee in the past 3 years (during 2012 – 2014) as shown below.

Category	Yr 2012	Yr 2013	Yr 2014
	No. of persons	No. of persons	No. of persons
Full-time employee	179	182	210
1. Management	7	8	13
2. Marketing	79	78	60
3. Factory/Production	35	38	50
4. Financial & Accounting	17	16	18
5. Procurement	10	10	12
6. Personnel/Administrator	22	20	32
7. Store/Warehouse	2	5	8
8. Import/Export	5	5	14
9. IT	2	2	3
Part-time employee	547	590	600
Total	726	772	810

Note : 82.37 percent of part-time employee are factory/production division's employees and 76.42 percent are migrants workers.

- **Remuneration for employee**

Category	Yr 2012	Yr 2013	Yr 2014
Salary, Bonus and Provident Fund	43,166,506	52,650,853	55,887,144
Wage	60,632,771	77,140,541	86,809,877
Seminar attendance fee	-	118,024	-
Total	105,305,118	129,909,418	142,697,021

The Company's remuneration process is mainly considered from the growth and performance of the Company in each year. In addition, such increase shall cover the inflation rate in each year as well as each employee's dedication and performance.

- **Labor litigation case during the past 3 years**

- None -

- **Human Resources Development**

Realizing the importance of HR as a major driving force for our sustainability, the Company clearly and regularly plans the HR strategy on an annual basis in order to increase capabilities of all employees. The Company also arranges training both inside the Company and other government or private sectors' courses. Moreover, appropriate benefits are provided for good morale and they are updated regularly. Main development plans are as follows:

- Employees coordinate in setting the work direction in their own department for effectiveness and efficiency.
- The Company creates working atmosphere for all employees to share the Company's success. Remuneration given is considered as a whole and as an individual.
- The Company arranges working manual for employees to gain knowledge and this manual shall be updated regularly.
- The Company promotes employees to join the showcase in both domestic and overseas in order to be updated with production process, product development, marketing and customers' changing behaviors which shall be adjusted to the Company's working process.
- The Company encourages the development for value added in all products for sustainable growth and customer's satisfaction.
- The Company promotes all employees to have positive attitude in all working process such as production, marketing and accounting for maximum benefit.

Corporate Governance



Good Corporate Governance Policy

Board of Directors' Meeting No. 1/2555 (after being listed) held on 26 October 2012 passed a resolution for written good corporate governance to be in accordance with SET's rules and regulations for transparent operation for all employees, executives and directors. This practice shall be a tool in increasing the Company's capabilities in competition and growth sustainability for the best benefit of shareholders, customers and public. The policies have been updated and improved for maximum benefits with details as follows:

Category 1 : Rights of Shareholders

The Company respects basic rights of shareholders of the Company by treating all shareholders equally. Shareholders are able to find out about the share trading, the result of the performance of the Company, management policies, AGM attendance for voting in electing or demote director, appointing the auditor and other related issues of the Company such as dividend payment, setting or amending the Company's Articles of Association, capital reduction or increment, etc. Apart from such basic rights, the Company also provides and increases the shareholders' convenience as follows:

- 1) The Company publishes a meeting announcement in the Company's website in advance. The meeting invitation letter with relevant papers shall be delivered to shareholders not less than 7 days prior to the meeting by stating date, time, venue, agenda and attachments as well as the meeting's regulations and rights of shareholders in attending the meeting and voting.
- 2) Should the shareholders cannot attend the meeting himself, he shall be able to use one of the provided proxy forms to authorize any independent directors or person to be his proxy.
- 3) The Company shall allow all shareholders to study all information which was disclosed according to the relevant regulations. In addition, the Company shall not add in more agenda or change any significant issue without advance advice. There shall be no immediate additional documents provided in the meeting.
- 4) The Company shall provide opportunities for shareholders to submit their comments and inquires in advance of the meeting day. Moreover, appropriate time shall be provided in the meeting for shareholders to query or comment in any issues.
- 5) The Company shall provide opportunities for minor shareholders to suggest any issues in advance according to SET's rules and regulations. Moreover, they shall have the right to nominate any qualified candidates as the Company's directors.
- 6) All directors shall attend the meeting unless there is any necessary matter. This shall enable all shareholders to query all relevant issues.
- 7) The Company shall produce a detailed, completed and factual meeting minutes after the meeting ended. Such information includes voting process, names of Board of Directors and other committees, management attended and voting result in each agenda as well as questions and answers. The minutes will be published on the website of the Company.

Category 2 : Equitable Treatment of Shareholders

The Company establishes the policy and guidelines on the good governance with fair treatment to all shareholders; executive, non-executive, major or minor shareholders. The Board of Directors and executive management shall protect basic rights of shareholders fairly that shareholders can nominate qualified candidates to be director in advance of the AGM. For shareholders who cannot attend the meeting, a proxy

form is provided to authorize any independent directors or person to be his proxy. Moreover, the Company published a meeting announcement in the Company's website in advance at least 30 days before the meeting. The meeting shall be conducted in accordance with the Company's Articles of Association and the prepared agenda. No additional agenda shall be allowed if the issue is not significant and proposed in advance. Furthermore, the company has a specific policy on preventing executives and staff from abusive self-dealing by prohibiting disclosure of information to the public. Should any director or executive be involved in any issue, he shall not be able to vote in that agenda.

Director and executives must also report changes in ownership of company stocks to SEC in compliance of rule 59 on Security Trading Commission Act 2535 A.D. In addition, directors, executives and related parties reporting rules and procedures of interests of directors, executives and connected persons (spouse and dependent children) were required to report to the Company their interests and those of related persons.

Category 3 : Roles of Stakeholders

The Company establishes the policy and guidelines on the good governance to fairly treat all stakeholders who are customers, employees, business partners, shareholders, investors, creditors or the community. In recognizing the lawful rights of all groups of stakeholders, the Company shall primarily consider the benefit to social, community, environment and human rights for sustainable growth and shall oppose fraudulent, corruption, violation of intellectual property.

The Company shall preserve all rights of stakeholders as stated in the relevant laws, rules and regulations and promote stakeholders' participation according to each party's role for the best benefit to the Company and all parties concerned. Moreover, the Company also provides communication channels for all stakeholders to suggest or complain about issues which may cause impact to the Company. Such information shall be presented to the Board of Directors through Independent Director or Audit Committee.

Participation between the Company and the stakeholders can be summarized as follows:

- Give priority to all levels of employees with fair treatment. Pay fair remuneration to employees considering qualification, ability, and performance and develop knowledge and ability of the employees regularly. Promote working environment to ensure safety of the employees at all times.
- Trade transactions with business partners shall be according to the trade agreements in order to build long term relationship.
- Strictly follow the loan agreement signed with financial institutions.

- Be attentive and responsible to customers in all aspects; product quality, standardized services, customers' confidentiality and fair price.
- Be a fair competitor and avoid all fraudulent matters
- Give priority to social, community and environment. Support community's activities for public benefit and develop the community's environment for a better living condition as well as donate to charities regularly.

Category 4 : Disclosure and Transparency

The Company ensured that the information disclosure is being done correctly, with transparency and reliability and in a timely manner via reliable and easy-to-access channels so that shareholders and investors would receive it extensively. Financial performances, financial statements, consolidated financial statements of the company and its subsidiaries with accurate information based on the generally-accepted accounting principles were disclosed in accordance with SEC's announcement and SET's rules and regulations.

In addition, the Financial Statements shall be audited by the auditor who is certified by SEC and SET. Internal Audit section shall be appointed to check and balance the operation according to the Company's structure.

Board of Directors also appointed a contact person/unit to communicate with shareholders, investors and public as follows:

- Disclose all relevant information to investors
- Explain for rumors or other news
- Take action when the Company's securities trading is not normal
- Attend a meeting with investment analyst
- Arrange a company visit to investor and analyst

Communication channels are via phone call to (02) 152-7301-4 extension 212, email to ir@eastcoast.co.th and via company website at www.ecf-furniture.com or www.elegathai.com

In addition, the Company shall disclose the following information for clear and transparent business operation:

- Meeting attendance of Board of Directors and Audit Committee
- Remuneration procedures of Board of Directors and executive management
- Policy in good corporate governance
- Policy about social and environment
- Code of Conduct
- Shareholding Structure
- Board of Directors' Structure

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- Vision/Mission
 - Annual Report
 - Financial Statements
 - News submitted to SET

The Company shall assess the efficiency of such disclosure regularly for a modern update and timely manner.

Category 5 : Board of Responsibilities

The Board of Directors consist of experts who possess knowledge, capabilities and various experiences who determine the Company's policies, vision and mission for the maximum benefit of the Company.

At present, the Board of Directors consists of 8 members. Of this, four are executive directors and the other four are non-executive directors. The Company strictly focused on the qualifications of independent directors by having 3 independent directors which is more than one-third of total directors for better check and balance purpose. Moreover, each director must not be director of more than 5 listed companies. The Company also appointed Audit Committee which consists of 3 independent directors with 3-year office term and their roles and responsibilities are stated clearly in Audit Committee Charter.

Board of Directors appointed Company Secretary to be responsible for transactions as stipulated by the laws. The Company Secretary shall fulfill the training courses specially designed for Company Secretary.

Policy in good corporate governance is set for Board of Directors, executive and all employees to follow in the same pattern.

Remuneration process is clear, transparent and approved by the Board of Directors according to each position. Such rate is competitive with the same industry and directors are encouraged to take training courses for knowledge development.

Board of Directors shall set the meeting in advance annually and the meeting documents shall be delivered at least 5 working days before the meeting. In the meeting, all directors are independent in giving comments but directors who are stakeholders in any agenda shall not be allowed to vote in such agenda. All directors are required to attend all meetings unless there is significant reason. Executives may be invited to attend the meeting for complete information.

The Board of Directors encourages non-executive directors to discuss issues in their own meeting, without any management present. Result of such meetings shall be informed to the Managing Director in due course.

Board of Directors supports all directors to access all necessary information from the Managing Director, Company Secretary or responsible directors within the approved scope. If necessary, the Board of

Directors may seek advice from independent advisor, professionals who are certified by SEC or other experts and such expenses shall be responsible by the Company.

Board of Directors shall carefully consider about the conflict of interest, transactions which may cause conflicts in accordance with SEC's announcement and SET's rule and regulations. The Board of Directors has stipulated that the directors and management including their related persons, must submit a Report on Interests (including any subsequent changes thereof) to the Company. The Company Secretary has the duty to submit a summary report on the interests (and any subsequent changes) of the directors, management and their related persons to the Board of Directors' Meeting.

Board of Directors' Meeting No. 2/2558 held on 27 February 2015 has assigned the Remuneration Committee to formulate rules and policy on determination of remuneration. In addition, the Nomination Committee has also been assigned to comment to the Board of Directors, the performance appraisal of the Managing Director and such criteria must be relevant to the Company's short-term and long-term goals. The appraisal result shall then be considered for the Managing Director's remuneration in due course.

All directors shall be responsible to comment independently and perform their duties carefully and honestly by considering the utmost benefit to the Company and all shareholders. For newly appointed directors, the Company shall arrange an orientation for better understanding and readiness.

Moreover, the Board of Directors emphasized on information disclosed to shareholders, investors and all related parties. Such information including financial statements, company performance and other related information shall be correct, complete, transparent and in a timely manner in order for the shareholders, investors and related parties to timely decide on the investment. Communication channels include postal mailing, SEC and SET's press and Company's website.

Sub-Committee

As at 31 December 2014, the Company appointed the following committees to assist in the operations:

1. Audit Committee
2. Risk Management Committee

The Board of Directors' Meeting No. 2/2558 held on 27 February 2015 passed a resolution to appoint 2 more sub-committees as Nomination Committee and Remuneration Committee as follows:

Nomination Committee

Consists of

- | | | |
|----|--|-------------------------------|
| 1. | Assistant Professor Songklod Charusombat | Chairman/Independent Director |
| 2. | Mr. Chalee Suksawad | Member |
| 3. | Mr. Arak Suksawad | Member |

The Nomination Committee shall nominate and elect directors for Board of Directors, follow up on the succession plan and evaluate the Managing Director's performance.

Remuneration Committee

Consists of

- | | | |
|----|---|-------------------------------|
| 1. | Assistant Professor Dr.Montri Socratyanurak | Chairman/Independent Director |
| 2. | Mr. Chalee Suksawad | Member |
| 3. | Mr. Arak Suksawad | Member |

The Remuneration Committee shall propose remuneration package and other benefits for Board of Directors, sub-committees, Managing Director and Assistant Managing Director to be relevant with the roles, responsibilities, Company's performance as well as the same industry.

Nomination and Selection of Directors and Management

● Independent Committee /Audit Committee

Independent Committee and Audit Committee of the Company has to come from the approval from the board of directors and consideration from the shareholders of the company. Besides Independent Committee and Audit Committee shall be qualified by law of the Securities and Exchange Commission as well as declaration, regulations and / or rules of the Stock Exchange of Thailand. The Board of Directors appoints and audit committee which consists of at least 3 members. All of them must be independent committee. However, the audit committee must have at least 1 person who has knowledge of accounting and finance.

Definition of Independent Committee of the Company

- Holding shares not over 0.5% of all shares with right to vote of the company, subsidiary, holding company, joint venture, major shareholder or the authority of the company. Nevertheless, it includes shareholding of the relevant of that independent committee too.
- Not or used to be the committee participating with administrating employee, staff, counselor with salary or the authority of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from such position not less than 2 years before permission to the office. Nevertheless, such prohibited characteristics do not include the independent committee used to be a bureaucrat or counselor of the government that is a major shareholder or authority of the company
- Not being a person with consanguinity or legal relationship as a father, mother, spouse, sibling and child including the spouse of child of the executive or major shareholder, the authority or a person to be proposed as an executive or the authority of the company or subsidiary.
- Not having or used to have business relationship with the company, parent company, subsidiary, associated company, major shareholder or the authority of the company that is to interrupt free discretion of yourself and not being or used to be an implicit shareholder or the authority with business

connection with the company, holding company, subsidiary, joint venture, shareholder or the authority of the company unless being retired from that position at least 2 years before permission to the office.

- Not being or used to be the auditor of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or the authority or partner of auditing office of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from that position at least 2 years before the date of permission to the office

- Not being or used to be the professional provider including legal counselor or financial advisor that receives wages more than 2 million Baht per annum from the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or authority or partner of that professional provider unless being retired from that position at least 2 years before the date of permission to the office

- Not being a committee appointed to be the representative of company's committee, major shareholder or those who are relevant to major shareholders

- Not running the business with same trait that is the competition with the business of the company or subsidiary and not being implicit partner in partnership or a committee participating in administering employee and staff, salary advisor or holding share beyond 1% of all shares with rights to vote of other companies that have same characteristic and implicit competition with the company or subsidiary

Not having any other traits that interrupt free opinion about operation of the company.

Properties of Audit Committee

- Are not director who authorized from board of directors to decide in operation of the company, major company, subsidiaries, main shareholder or authorized person.
- Not be or never been director of registered major company, minor company or similar minor company
- Have adequate knowledge and experience to perform as auditing committee. In order that there must be at least one person who is knowledgeable and experienced enough to inspect the reliability of financial statements.
- Have operating duty in the same manner as declared in the Stock Exchange of Thailand regarding the quality and operation scope of the Audit Committee.

Nomination of Directors and Management

1. The Company does not have Nomination Committee. The Board of Directors consists of at least 5 directors but not more than 15 directors in which not less than half of total directors must reside in Thailand. Their qualifications are as follows:

1.1 Consider as per Section 68 of The Public Company Acts B.E. 2535, SEC's announcement and SET's rules and regulations.

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- 1.2 Consider their knowledge, experience and expertise which are beneficial to the Company's business.
 - 1.3 For retired directors who are re-elected, consideration is based on past performance and they should not be directors of not more than 5 listed companies for better efficiency.
 - 1.4 Selection procedures of Independent Director shall be in accordance with SEC's announcement, SET's rules and regulations and the Company's regulations.
 - 1.5 For Independent Directors who are re-elected, their office term including the past term must not be more than 9 years.

Appropriate candidates shall then be proposed for the Shareholders' Meeting's approval.

2. At each Annual General Meeting, one-third of the directors must retire from office. The directors who have been longest in office shall retire. If the number is not a multiple of three, then the number must be closest to one-third. A retiring director is eligible for re-election by the Shareholders' Meeting. Directors who are entitled to retire in the first two years after the Company is listed, shall draw lots. For the year afterwards, the directors who have been longest in office shall retire. A retiring director is eligible for re-election.
3. Shareholders' Meeting's nomination procedures are as follows:
 - 3.1 Each shareholder has one vote per share held.
 - 3.2 Each shareholder shall use all vote as in 3.1 to elect only one director.
 - 3.3 Candidates with the highest votes are to be appointed directors up to the number open. If candidates get equal votes, which makes the number of successful candidates exceed that of directors to be elected, the Chairman of the meeting shall cast a decisive vote.
4. If any position is vacated before the term completion, the Board of Directors may elect a qualified independent director with not less than three-fourth vote and without the prohibitions stipulated under SEC's announcement to fill the post in the next Annual General Meeting unless the term is less than 2 months. That director shall stay in office only for the remaining term of the former by the resolution of at least three quarters of the remaining directors.
5. Shareholders' Meeting may pass the resolution for any director to leave before the term completion with three quarters of shareholders present and voting and the shares must not be less than half of shareholders present and voting.

However, in 2015, the Nomination for Directors and Management shall be the responsibility of Nomination Committee which was appointed by the resolution of Board of Directors' Meeting No. 2/2558 held on 27 February 2015. Their responsibilities include:

1. Consideration of structure and component of Board of Directors
2. Consideration of Independent Director's qualifications

3. Determination of director's nomination
4. Arrangement of director's development plan
5. Arrangement of succession plan

Director and Management Development

All directors possess qualifications as per SET's rules and regulations and have been trained in Thai Institute of Directors Association (IOD) in the course Director Accreditation Program (DAP) which is a significant and necessary course for director's roles and responsibilities.

In addition, Mr. Arak Suksawat, one of the Board of Directors has attended an executive course of Capital Market Academy in 2014. This sector is under the support of SET and the course is to create an executive to be capable of the capital market with vision and ethics in order to assist the organization to reach their objectives in all aspects.

Succession Plan

In order to be well prepared for the vacancy in any position, succession plan is arranged for the continuity of business efficiently. Details of the plan are as follows:

1. Arrange the junior executive to co-work with the senior executive in his field and attend policy meeting from top executive
2. Identify those with the potential to assume greater responsibility in the organization
3. Provide critical development experiences to those that can move into key roles
4. Engage the leadership in supporting the development of high-potential leaders
5. Develop the potential to present his performance to the executive

Monitoring the Business Operations of Subsidiaries

The board of directors has clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to control management under the policies of the parent company. The subsidiaries' director shall have the same scope of duty as the parent company. The representative shall participate to formulate the important business policy such as financial and investment policy.

Control of Internal Information

According to the Board of Directors Meeting No. 1 /2012 (the first time after conversion) held on October 26, 2012, the resolution included the regulations on the use of internal information in order to adhere to the principles of Good Corporate Governance of the company as follows:

1. Directors, executive, officers and employees of the company shall abide the following.
 - 1) Maintain the confidentiality and/or internal data within the company.

- 2) No disclosure of secret information and/or internal data of the company shall be carried out to seek own benefits or the benefit of any other persons either directly or indirectly, and either receive or not receive the return.
- 3) Neither selling, nor transfer of securities of the company by using confidential and/or internal data shall be conducted, and/or entering into any other transactions by using confidential and /or internal data that may cause damage to the company either directly or indirectly.

Neither selling, nor transfer of securities of the company by using confidential and/or internal data shall be conducted, and/or entering into any other transactions by using confidential and /or internal data that may cause damage to the company either directly or indirectly.

2. Company's directors and executives, including the auditors of the company shall report the change in holdings the securities in their own companies, including the spouse and immature children, to the Securities and Exchange Commission and the SET pursuant to Section 59.

Such regulations shall be declared to the directors, executives, and employees accordingly.

Auditor Fee

The Company and its subsidiaries auditor fee shown details as follows:

1. Annual Audit Fee

In 2014, the Company hired Mr. Methee Ratanasrimetha, certified public accountant registration No. 3425 from M.R. & ASSOCIATES Co.,Ltd. to be the auditor. The auditor fee is 880,000 baht.

2. Quarterly Financial Statement Review Fee (3 quarters)

Amount of 380,000 Baht

Total the amount of auditor fee 1,360,000 Baht.

Corporate Social Responsibility

The Company pays great attention in performing business under CSR, preserving the environment with social consciousness to maximize benefit for all stakeholders both inside and outside the organization. Various ethics are summarized as follows:

1. Business Ethics : Stakeholders

Shareholders

The Company has set the policy and regulation as follows;

1. The Company realizes the importance of shareholders' rights which include right in share trading or transfer, right in receiving dividend from the Company's profit, right in access of Company's information, right in meeting attendance for voting to appoint or demote directors, appoint auditor as well as related matters such as capital increment or reduction, dividend allocation and amendment of the Company's Articles of Association.
2. The Company shall facilitate shareholders' rights by:
 - Deliver the invitation letter for the Shareholders' Meeting at least 14 days in advance by stating date, time, venue, agenda, meeting regulations, voting procedures and other relevant information. Such information shall also be disclosed on the Company's website at least 30 days in advance.
 - Disclose all significant information which is full, accurate, adequate and timely for shareholders or investor's investment decision-making.
 - Minority shareholders are given the opportunity to propose matters to be included in the agenda and/or nominate candidate to be director in the Shareholders' Meeting.
 - Permit shareholders to send queries in advance for the Shareholders' Meeting.
 - Encourage shareholders to use the proxy form to attend the meeting and vote.
3. The Company shall inform shareholders of rules and regulations required for the Annual General Meeting in accordance with the good corporate governance and offer an opportunity for shareholders to submit question.
4. After the meeting, the voting counting shall be publicized on the next day and minutes of the Shareholders' Meeting shall be publicized via Company's website within 14 days of the meeting.
5. The Company shall use the technology processes of registration, vote counting and vote processing for voting result disclosure to have more transparency, convenience and accuracy.

Customers

The Company has set the policy and regulation as follows;

1. Produce quality/standardized products and offer after-sales service for customers' satisfaction.
2. Determine to develop products with added value for customer's best usage.
3. Perform fair and honest business transactions without disclosing customer's confidentiality. Any misconduct shall be litigated by law.
4. Never ask for or agree to receive any kinds of dishonest benefit from customers.
5. Strictly comply to agreements set with customers. Should there be any problems, advance advice is required in order to jointly solve the problem.
6. Arrange communication channels for suggestion or complaints.

Business Partners and Account Payable

The Company has set the policy and regulation as follows;

1. Perform business transaction with fair and honest treatment for mutual benefit.
2. Select business partners who perform business in accordance with the related laws and focus on the production standard, safety standard and environmental-friendly.
3. Keep business partners' confidential information.
4. Create good relationship and understanding as well as exchange knowledge and jointly develop the product with value added.
5. Strictly comply with the agreements set with business partners for long-term benefit to both parties.
6. Should there are problems which prevent each party to comply with the agreement, advance advice is required in order to jointly solve the problem.
7. Never ask for or agree to receive any kinds of other benefits out of the agreements from business partners. Act nonaligned as close relationship may have impact on decision making.

Competitors

The Company has set the policy and regulation as follows;

1. Perform business fairly according to standard rules and avoid any dishonest transactions.
2. Do not discredit competitors with false statements.
3. Do not violate intellectual property/copyright.
4. Do not seek for competitors' information with dishonest means.

Creditors

The Company has set the policy and regulation as follows;

1. Perform business transactions according to the loan agreement signed with financial institutions.
2. Treat all creditors fairly.
3. Conduct best performance for creditors' confidence in paying back the loan on time.
4. Disclose the correct performance result and financial status on time.
5. Should there will be problems which prevent the Company to comply to the loan agreements, advance advice is required in order to jointly solve the problem.

Employees

The Company has set the policy and regulation as follows;

1. Fair treatment to all levels of employees.
2. Offer suitable remuneration as per the degree and qualifications of each employee. Support in career advancement through various development plans.
3. Consider the life and working condition of employees by arranging safety workplace.
4. Respect human rights and basic working rights and shall not disclose employees' confidentiality.
5. Treat all employees in accordance with the related laws, rules and regulations.
6. Perform equally and fairly recruitment without any discriminations.
7. Encourage all employees to participate in setting the Company's direction.
8. Provide appropriate welfare and benefit such as annual health checkup, life insurance and provident fund.
9. Provide communication channels for suggestion or complaints for mutual benefit and better relationship.
10. Encourage all employees to participate in social responsibility activities.

Community, Social and Environment

The Company has set the policy and regulation as follows;

1. Showing responsibility by supporting and promoting public benefit activities, community environment and donating for charities regularly.

2. Not performing any business transaction which will have impact to the community, social and environment.
3. Setting preventive measures and solving solutions in which the Company's operation may cause to the community and social.
4. Supporting the cultural preservation and local tradition restoration.
5. Joining with related parties in maintaining the environment, developing the community for a better living standard.
6. Complying or monitoring to ensure strict compliance with relevant regulations and laws on natural resources and environment.
7. Campaigning in preservation, smart and efficient use of resources and energy as well as preparing the sustainable preventive measures, restoration and compensation of natural resources.
8. Supporting the provision of knowledge and training for all employees to instill conscience of responsibility toward the community, social and the environment.
9. Encouraging the usage of technology, machines and raw materials which are environmental-friendly.
10. Since the Company's main raw materials are rubber wood and particle board, scrap management is as follows:
 - Scrap woods and sawdust are the excess material from the process of cutting into the specified shape. The company will use some of them as a fuel in the boiler. If the scrap amount is too much, the company will sell some of them to the third parties.
 - Rubble dust is the dust from sanding the product with sandpaper or abrasive tools. The company will use vacuum (filter bag) to leftover, accumulate them and sell them to the third parties as their raw material used in production.
 - Color spray from the painting process on the product. The company manages the process to prevent environmental impact by using spray paint booth with water circulation to trap the spray. The waste will be eliminated accordingly.
 - Color waste from the foil paper production by printing machine will create a color waste. The company will use landfill in the designated area within the factory.
 - Scrap material such as leatherette and fabric scrap leftover from production. The company will compile and sell to the purchaser.
 - Adhesive material is used to paste foil paper on the wood surface of the particle board. The company uses the water base adhesive material which has no environmental impact. Until now, the Company has never received any complaints about impact of the business operation to the environment.

The company has never received a complaint or dispute in related to the environmental impact from the manufacturing process.

2. Fair Business Operation

Since the Company started its business in 1999, the main policy is fair business operation. The Company is carefully concerned over all stakeholders and performed business according to the relevant rules and regulations. Moreover, the Company also fostered this policy to all levels of employees for fair treatment to colleagues, customers, consumers, competitors, business partners, community and social. The Company focused on confidentiality, internal control process, human rights, conflict of interests, violation of intellectual property and corruption with details as follows:

2.1 Free Trade Competitor

60% of distribution channel was export mainly to Japan while the other portion was production for domestic modern trade. Each customer has its own process in purchasing, quality checking and product delivery. The Company is confident that our trading process is fair with no monopoly trading. For raw material acquisition, the Company's Purchasing Department shall compare the price, quality and sales conditions according to set procedures and the Company always receives benefit from this comparison with our business partners.

2.2 Conflict of Interest

The Company is aware of the importance of conflict of interest prevention and has thus adopted the following policy:

1. The Company exercises due care by primarily considering the benefit of the Company when there occurs any transaction involving a potential conflict of interest. Stakeholders shall not be allowed to vote on such agenda. A policy and procedure for approval of connected transactions seeks approval from shareholders in line with SEC's announcement and SET's rules and regulations.
2. If the connected transaction is of the benefit to the Company, such transaction has to be performed with the normal procedures and without any influence or approval from such connected person. In addition, the disclosure of information has to be performed as set by the laws.
3. There must not be any transaction which make the Company lose its benefit or receive less than what should be.
4. There must not be any competition with the Company.
5. No director, management, employee and their related persons is allowed to perform personal business with the Company such as selling product or service. Should there be such transaction, that person must prepare and submit a report to the Company.

6. The Board of Directors and management and their related persons must prepare and submit a report on interests to the Company as per the set regulations.

2.3 Human Rights

The Company believes and respects the rights of persons as prescribed by laws and widely-accepted human rights. There shall be no discrimination against sex, nationality, religion or other factors which may cause unfair treatment. All levels of employees shall perform their job in a hygiene and safe place. They also have freedom in political rights but must not claim about their work title or use the Company's assets or equipment in political matters as the Company is neutral in political issues and shall not support each party. Moreover, the Company shall solve conflicts which may occur legally. The Company has no policy in using child labor and shall not hire any person under 18 years of age while remuneration package is considered fairly. Annually, the Company shall arrange an annual meeting and employees shall be able to learn about each year's business plan and there shall also be activities to support love and harmony in workplace.

As of now, the Company has never received any complaints about human rights violation.

2.4 Against the Violation of Intellectual Property

The Company's Research and Development Department shall design and develop new products on a yearly basis and the Company shall not violate any person's intellectual property without approval. Should such violation is found, they should be report via:

- A letter to Assistant Professor Dr. Montri Soaktianurak
Chairman, Audit Committee/Independent Director or
Mr. Arak Suksawat, Managing Director or
Company Secretary Office
East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150
- E-mail to Company Secretary Office : cq@eastcoast.co.th or
Human Resources Department : hrrayong@eastcoast.co.th

2.5 Acting Against Corruption

The Company has announced to join the Collective Action Coalition of private sectors while the next plan is to propose policy against corruption and conduct a system to prevent corruption. After such policy is approved by the Board of Directors, the Company shall communicate about such acting to all stakeholders via a letter to business partners and customers not to receive or give return whether it is in a form of cash or gift. This shall be an opportunity for the business partners and customers to file a complaint should they were treated unfair. The Company shall arrange a meeting to inform such policy to all employees continuously.

Should such corruption problem is found, they should be report via:

- A letter to Assistant Professor Dr. Montri Socratyanurak
Chairman, Audit Committee/Independent Director or
Mr. Arak Suksawad, Managing Director or
Company Secretary Office
East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150
- E-mail to Company Secretary Office : cq@eastcoast.co.th or
Human Resources Department : hrrayong@eastcoast.co.th

After the Company is informed about any fraudulent, the measures shall be as follows:

1. Gathering and considering of facts
The Company shall appoint an Investigation Committee to check the fraudulent by considering from related parties such as the department head of complained unit, Human Resources Manager and/or other relevant person. The Investigation Committee shall gather all information, evidences and check the facts in details.
2. Concluding the measures
The Investigation Committee shall conclude the measures in order to mitigate the damage but shall not punish the honest whistleblower.
3. Report the result

Company Secretary Office shall inform the result to the whistleblower if he reveals himself. Significant matter must be reported to Managing Director and/or department head of the complained (in case the department head is not one of the Investigation Committee), all depends on the importance and seriousness of fraudulent.

Protection for Whistleblower

Should any employee persecutes, threatens, discriminates or uses disciplinary action against the whistleblower and other related persons, that employee shall take disciplinary action and must compensate for damages or may be legally wrong too.

In 2014, the Company has not received any complaints about fraudulent or negative issues resulting from the business operation of Board of Directors, executive management. No director or executive management retires from lack of good corporate governance or insufficient internal control as well as no legal dispute in labor or business transaction with stakeholders.

3. Policy of Corporate Social Responsibility (CSR)

In 2014, the Company's CSR activities were as follows:

1. Presentation of educational furniture to Phra Mahataisuksa School, The Redemptorist Thailand.



2. Mangrove planting activity, Paknam Prasae, Rayong Province.



3. Donation to Baandek Ramintra School under the Christian Foundation for the Blind in Thailand.



4. Presentation of filing cabinet for educational materials to Baanklong 14 School, Rayong Province.



5. Presentation of furniture to build school library for Poo-ngarmnonsa-ard School, Takradan, Sanamchaikhet, Chachoengsao Province, in cooperation with Biz Focus Group Magazine's 4th anniversary.



6. Donation for temple construction and renovation in Klang, Rayong Province.



7. Activity to encourage love and unity to employees.



8. Workshop for managers and head office of branch 2 for better knowledge.



Although the Company has not conduct sustainable CSR for both social and the Company in the past year but the Company has started to set the following social responsibilities as follows:

1. **Social Responsibility : Internal Dimension**

- Employees

The Company gives priority to learning so training, workshop, leadership and teamwork courses are provided for employees. Recreational activities are also important so that they can balance their lives happily. Fair recruitment, remuneration and career advancement shall be provided especially for female employees and handicapped.

- Safety Workplace

Healthy employees shall increase the business' capabilities.

2. **Social Responsibility : External Dimension**

- Consumers

Design concept and safe products ensures consumers of the confidence in the Company's brand

- Community

In order to create good relationship with the community, recruitment of people in the community shall promote their quality of life. The Company also pays attention to temple construction and renovation and natural resources restoration.

In the future, the Company shall set more concrete policies and regulations to show responsibility in social and environment.

Internal Control and Risk Management

Recognizing the importance of an internal control system (both of executive and operation levels) for effective and efficient operation of all departments. The Board of Directors Meeting of the Company No. 2/ 2015 on February 27, 2015, three audit committees attended the meeting. The Board of Directors has assessed the adequacy of the company's internal control system in five areas; including all five of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Board was of the opinion that company has appropriate and sufficient internal control system regarding transactions with major shareholders, directors, executives or persons related to such persons for the business of the company in business operation. In the past, a consideration of such transactions focused on the best interests of the company primarily. The company formulated a policy to increase carefulness in making such transactions by which future transactions are taken into consideration, and consideration will concentrate on only non-stakeholders in such transactions.

For the implementation of the internal control system of the company, the company has audit committees to review the internal control system which will be appropriate and effective. Audit Committee has the duties and responsibilities under the Audit Committee Regulations, and in accordance with Requirements of the Stock Exchange of Thailand, including reporting to the Board of Directors on the company's financial reporting re-examination to reassure the compliance with the accounting standards properly and adequately so that the company's internal control will be appropriate and effective, and ensure that the company complies with the requirements and related laws.

The Company has continually developed the internal control system to be more efficient and also hired the ACT Consultants Co., Ltd. to be an internal auditor for the company. The internal auditor's duties are to monitor the accuracy and to set up the Company's internal control system in order to ensure of the good balancing and checking for about the performance of all departments. The Company launched to hire ACT Consultants Co., Ltd. by quarter 3 of 2011. The internal audit shall prepare an internal audit report, and conduct the annual internal audit plan for the Audit Committee Meeting's approval. The Company's Internal Audit is also responsible for monitoring and tracking the accuracy and integrity in the operation of various departments in complying with the Company's policy. The Board of Directors Meeting No. 2/ 2015 on February 27, 2015, the internal auditor reported result of the internal checking and proposed the suggestions to the Audit Committee.

Related Transaction

For year 2014, the company may have conflict of interest transaction as shown below.

Related party	Relationship	Type of transaction	Amount of transaction (MB)	Necessity and reasonability
			Yr 2014 and as of December 31, 2014	
1. Index Living Mall Co., Ltd. (Index Living Mall)	Director of Index Living Mall is spouse of Mr. Arak Suksawad who is in the position of shareholder, authorized Board of Directors and management of the Company	Rental cost and Show room fee : Rental area under brand "ELEGA" to distribute rubber wood furniture	13.44	<ul style="list-style-type: none"> - Rental 11 potential locations under brand ELEGA to distribute rubber wood furniture and imported real furniture in Show room in Index living Mall with lower rental cost comparing to other tenants to expand domestic market and to promote the Company's products. - Index Living Mall has no rental policy to offer to other parties except for sale products. Hiring location for sale Index Living Mall's products is to completely fill in the furniture in Index Living Mall's showroom. However, the Company paid on a lower rental cost comparing to other tenants to Index Living Mall and it is reasonable price and approvable. - The company sells particle board furniture to Index living mall in September, 2012 with pricing in accordance with normal commercial terms.
		Rental and show room service deposit : The Company paid a rental and showroom service deposit to Index Living Mall in order to be a guarantee of Index Living Mall's rental and service fee as per terms and rental conditions.	2.99	
		Other payables : Rental deposit is accrued expenses of Index Living Mall which have not got into the payment overdue. However, the Company has processed the payment for above accrued expenses to Index Living Mall already.	2.10	
		Sales of products The company sell particle board furniture to Index living mall in September, 2012	10.47	

Related party	Relationship	Type of transaction	Amount of transaction (MB)	Necessity and reasonability
			Yr 2014 and as of December 31, 2014	
1. Index Living Mall Co., Ltd. (Index Living Mall) (cont.)		Trade Receivables Index Living Mall has the accrued expenses which have not got into the payment overdue.	2.51	<u>Auditing Committee's opinions</u> Audit Committee verified and provided the opinions of these transactions that they are rational and for the maximum benefits of the Company.
2. Index Interfurn Co.,Ltd.(IIF)	- INDEX Group - Director of IIF is spouse of Mr. Arak Suksawad who is in the position of shareholder, authorized the Board of Directors and management of the Company	Sales of products The Company sells foil paper to IIF in 2010	19,83	- IIF is one of the large furniture manufacturer in Thailand, IIF started to order foil paper in 2010 before re-structuring of the Group to eliminate conflicts of interest. IIF purchased products from VCD at first time. - The foil paper has quality and unique property such as color, gloss and thickness. The company sets prices on the basis of the pricing in normal commercial terms. - The Company needs a lot of foil paper to produce furniture to distribute to Index Living Mall as the result that the Company cannot produce and find the raw materials to produce according to the specified qualification. <u>Auditing Committee's opinions</u> Audit Committee verified and provided the opinions of these transactions that they are rational and for the maximum benefits of the Company.
		Trade Receivables IIF has the accrued expenses of foil paper with the Company and the overdue within 3 months which is normal payment condition for IIF.	6.12	
		Raw material purchasing The Company purchases foil paper and PVC from IFF to produce some model of products prior to distribute to Index Living Mall.	1.08	

1. Audit Committee's opinions

Auditing committee considered related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest in accordance with Notification of the Securities and Exchange Commission at the Auditing Committee meeting No.2/2015, held on February 27, 2015. Therefore, the Committee agreed that such related transactions are reasonable and for the Company's benefit.

2. Policies or Trends for Preparing Related Transactions Including Acquisition or Selling of the Company's Properties in the FutureMeasures and Procedures for the Approval of Related Transactions

In case of having related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executive, or any relevant person, as well as having normal trade condition or market price under reasonable, accountable, and non-benefit transfer, the Management of the Company can perform such implementation normally under the principles approved by the Company's board and must prepare summary report to the auditing committee at every quarter.

In case that the related transactions are not normal transactions, the Company will have comments by the auditing committee on necessity and appropriation of such transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor Measures and Procedures for the Approval of Related Transactions prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments to the board of the Company or shareholders, as appropriate in each case, to approve such items before performing such transactions. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand in which a person who may have conflict of interest or interests from the preparation of such related transactions will have no right to make any vote for such related transactions preparation.

Policies or Trends for Preparing Related Transactions in the Future

In the future, if the Company needs to prepare related transactions with a person who may have conflict of interest with the Company, the Company will set out conditions based on normal trade characteristics and as market prices which could be comparatively referred to conditions or prices incurring with the similar business that the Company does with any third party. In this connection, the Company will have the auditing committee provide opinions regarding price, compensation rate, as well as necessity and appropriation of such related transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments as appropriate in each case. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand.

In this regard, for any future related transactions the auditing committee must comply with regulations determined and must not approve any transactions related to themselves or any persons who may have conflict of interest of any kind with the Company, as well as must disclose such transactions to the Company's board for their consideration. In this case, the Company must abide by laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, including regulations related to information disclosure of related transactions preparation and the acquisition or selling of the properties of the Company or its affiliates, as well as must be strictly consistent with accounting standard determined by the Accountants Association. In addition, the Company must not conduct any related transaction with any relevant company if it is not for the normal business performance of the company.

3. Approval of Related Transactions and Trade Agreement

In case of having related transactions of the Company and its affiliates with boards and executives or any relevant person as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executive, or any relevant person. According to the Board of Directors Meeting No. 1 /2012 (after conversion) held on October 26, 2012 accordance has the resolution as trade agreement regarding the Company's business activities with relevant person in order to be the Company's operation road map.

4. Investor Protection Policy

To protect the investor's benefit in case that the Company has related transactions with persons who may have conflict of interest and with relevant companies, the Company shall propose this issue to the Audit Committee at the Board of Director's meeting. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, and compliance with the disclosure of assets transaction and the acquisition as regulations.

Audit Committee Report 2014

Dear Shareholders

East Coast Furnitech Public Company Limited

The Audit Committee of East Coast Furnitech Public Company Limited (ECF) comprises two independent committees who have knowledge, capability, specific experience, and complete qualifications in accordance with requirement from the Stock Exchange in Thailand and are independent to perform duties according to Charter of the Audit Committee which comprises:



- | | |
|--|---------------------------------|
| 1. Associate Professor Dr. Montree Socratyanurak | Chairman of the Audit Committee |
| 2. General Terdsak Marom | Audit Committee |
| 3. Associate Professor Songklod Jarusombat | Audit Committee |

In 2014, the Audit Committee held four meetings and in each meeting all audit committees have attended in the meetings, participants completely participated with Audit Committee such as the internal auditors and Certified public accountant who clarified the facts and the results of audits including identifying evidence and supporting documents for presentation in each quarter, without participation from executive team of the Company. Apart from that, for some important issues, the Audit Committees will invite the Management of the Company to attend in the meeting to clarify some relevant issues.

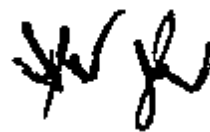
In the meetings, the Audit Committee have complied with Charter of the Audit Committee which the Audit Committees have strictly approved and the results from each meeting has shown the operation in summary and recommendations which are beneficial for the Management for the acknowledgement of Board of Directors. Important issues can be summarized as follows:

- Review of quarterly financial statement and annual financial statement in 2014 before submitting them to the Board of Directors to assure that financial report, financial accounts of the Company and subsidiary Companies have correctly established and complied with accounting standards and requirements by law and have been adequately disclosed in the notes of financial statements. This includes considering the analysis of financial statements in case there are significant cases by quarter to ensure that preparation process of financial statement and disclosure of important information is accurate, reliable and in accordance with accounting standard pursuant to general certified accounting principles. The Audit Committee opined that financial report of the Company had been prepared in accordance with general certified accounting principles and is accurate and reliable, and that the implementation of accounting policies was reasonable.

- Review of adequacy of internal audit system and internal auditing, the Auditor Committee had opined that it is efficient and appropriate, that defect is significant and the Internal Auditor Department is independent. In addition, the internal audit plan for 2015 has been approved which will audit and monitor the amendment to comply with prior recommendations. For additional improvements requested in non-significant issues, the Audit Committee has specified a timeframe for the Company to solve issues as soon as possible.
- Review of compliance of laws on Stock Market, regulations of the Stock Exchange of Thailand and laws relevant to business of the Company. The Audit Committee opined that the Company has complied with laws correctly.
- Review of relevant items or any items or items which may have a conflict of interest. The Audit Committee opined that the inter transaction had reason for the benefits of the Company, complied with the law and regulations of the Stock Exchange of Thailand and completely disclosed in the notes to support financial statement.
- Review of risk management, report of audit result and evaluation of risk control system including exchanging opinions with top management, the Company will hold a meeting to consider risk which may incur during business operation at least twice a year in the level of Risk Management Committee to control and protect possible risk factors that can create impact and propose prevention measures and potential risk mitigation. In the previous year, the operations of the Company had some risks from uncontrollable external factors but the Company was able to find solution approach to mitigate the risk in time.
- Selecting auditor needs to evaluate the performance of the auditor in the previous year by considering reputation, reliability, ability to audit and certification of financial statement. From the past, the auditor could constantly process in time. The Audit Committee has approved to the committees of the Company to present for approval at shareholders' meeting by designating Mr. Methee Ratanasrimetha, a certified public accountant with license number 3425 from M.R. and Associate Limited to be the auditor of the Company. For accounting period in 2014 with total compensation not exceeding than 1,360,000 baht (One Million Three Hundred Sixty Thousand baht only). In this year the auditor will have operation period as auditor of the Company for 5 years.
- The Audit Committee has evaluated the overall performance of the Audit Committee per set of committees in 2014. The Audit Committee had overall opinion that the Audit Committee has performed its duties in accordance with the Charter of the Audit Committee adequately and completely.

On behalf of the Audit Committee

East Coast Furnitech Public Company Limited



(Associate Professor Dr. Montree Socratyanurak)

Chairman of the Audit Committee

**STATEMENT OF RESPONSIBILITIES OF THE BOARD OF
DIRECTORS ON FINANCIAL STATEMENTS**

Dear Shareholders
East Coast Furnitech Public Company Limited

The Board of Directors is responsible for the preparation of the financial statements of the Company, and the consolidated financial statements of the Company and its subsidiaries, and for having them audited by the independent auditor prior to submission to the Annual General Meeting of Shareholders. The Board of Directors supports the practice of good corporate governance within the Company to increase efficiency, transparency and credibility. The Audit Committee's primary responsibilities are to review the financial reporting, internal control and internal audit functions. The Audit Committee's report on these matters is published in the Company's annual report.

It is the opinion of the Board of Directors that the Company's internal controls are adequate for its business and operation and that the financial statements for the year ended 31 December 2014 are fairly presented with adequate disclosure in accordance with generally accepted accounting principles.



(General Terdsak Marom)
Chairman



(Mr. Arak Suksawad)
Managing Director

Financial Highlights



(A) Auditor and Report of Certified Public Accountant

The Company's financial statement has been concluded as the report of certified public accountant as below.

Financial Statement	Auditor	Auditor's opinions
(During 12 months) Ended 31 December 2012	Mr. Methee Ratanasrimetha, CPA Registration No. 3425, M.R. & Associates Co., Ltd. (Registrar: Thailand Securities Depository Co., Ltd.)	The consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiary as at December 31, 2012, 2013 and 2014 and their financial performance and their cash flows for the year then ended, and the separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company as at December 31, 2012, 2013 and 2014 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
(During 12 months) Ended 31 December 2013		
(During 12 months) Ended 31 December 2014		

(B) Summary of the financial position and business operations

The statement of financial position: Eastcoast Furnitech Public Company Limited and its subsidiaries

The statement of financial position	Consolidated Financial Statements		Consolidated Financial Statements (revised)		Consolidated Financial Statements	
	Ended 31 December 2012		Ended 31 December 2013		Ended 31 December 2014	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Asset						
Current asset						
Cash and cash equivalent	1.63	0.17	3.47	0.32	32.02	2.59
Account receivable						
- Related Companies	9.17	0.93	10.27	0.94	8.63	0.70
- Other Companies	101.29	10.28	158.11	14.48	146.86	11.86
Inventory - Net	211.22	21.44	288.55	26.43	419.99	33.91
Other current asset	22.06	2.24	19.92	1.82	23.96	1.93
Total current asset	345.37	35.05	480.32	43.99	631.47	50.98
Non-current assets						
Restricted deposits at bank	-	-	-	-	30.00	2.42
Held-to-maturity debt securities	2.00	0.20	2.00	0.18	2.00	0.16
Property plant and equipment - Net	395.43	40.10	388.50	35.58	373.00	30.11
Surplus on revaluation of assets - Net	229.42	23.26	206.49	18.91	183.58	14.82
Intangible assets - Net	3.80	0.39	4.01	0.37	4.42	0.36
Deferred tax assets	0.95	0.10	1.44	0.13	3.68	0.30
Other Non-current assets	9.21	0.93	9.14	0.84	10.53	0.85
Total Non-current assets	640.80	64.98	611.59	56.01	607.20	49.02
Total asset	986.17	100.00	1,091.91	100.00	1,238.67	100.00
Liabilities and shareholders' equity						
Current liabilities						
Bank overdraft and short-term loans from financial institutions.	393.92	39.94	352.63	32.29	330.98	26.72
Payable on the sale of accounts receivable claims.	23.65	2.40	43.09	3.95	41.77	3.37
Trade accounts payable	166.60	16.89	146.08	13.38	135.18	10.91
Other account payable - related companies	2.75	0.28	1.38	0.13	2.10	0.17
Liabilities in hire-purchase agreement and finance leases contracts due within one year	9.65	0.98	11.71	1.07	10.68	0.86
The portion of long-term loans due within one year	53.98	5.47	50.20	4.60	66.97	5.41
Accrued expenses and other current liabilities	35.78	3.63	68.82	6.30	56.89	4.59
Total current liabilities	686.33	69.60	673.90	61.72	644.58	52.04

(B) Summary of the financial position and business operations (Cont.)

The statement of financial position: Eastcoast Furnitech Public Company Limited and its subsidiaries

The statement of financial position	Consolidated Financial Statements		Consolidated Financial Statements (revised)		Consolidated Financial Statements	
	Ended 31 December 2012		Ended 31 December 2013		Ended 31 December 2014	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Non-current liabilities						
Liabilities in hire-purchase agreement and finance leases contracts - Net	16.90	1.71	17.95	1.64	17.81	1.44
Profit from sale and deferred lease back	0.25	0.03	0.21	0.02	0.22	0.02
Long-term loans - Net	71.36	7.24	43.68	4.00	166.80	13.47
Liabilities for post-employment benefits	2.84	0.29	2.97	0.27	3.28	0.26
Deferred tax liabilities	9.04	0.92	8.36	0.77	6.86	0.55
Total non-current liabilities	100.39	10.18	73.17	5.94	194.97	15.74
Total liabilities	786.71	79.77	747.07	68.42	839.55	67.78
Shareholder's equity						
Registered capital	130.00		130.00		195.00	
Issued and fully paid-up share capital	100.00	10.14	130.00	11.91	130.00	10.50
Premium on share capital	-	-	105.48	9.66	105.48	8.52
Retained earnings						
- Appropriated for legal reserve	6.30	0.64	11.50	1.05	16.60	1.34
- Unappropriated	90.44	9.17	117.36	10.75	187.96	15.17
Other components of equity ^{1/}	2.71	0.28	(19.51)	(1.79)	(40.92)	(3.30)
Total shareholders' equity	199.45	20.23	344.84	31.58	399.12	32.22
Total liabilities and shareholders' equity	986.17	100.00	1,091.91	100.00	1,238.67	100.00

Notes: ^{1/} Other components of equity's detail as follows ;

As of December 31, 2012 valued 2.71 million baht, it consisted of

1. Surplus on revaluation of assets – net consisted of buildings 152 million baht and machines 68.38 million baht.
2. Surplus from business combination under common control (minus) 217.67 million baht

As of December 31, 2013 valued (minus) 19.51 million baht it consisted of

1. Surplus on revaluation of assets – net consisted of buildings 143.62 million baht and machines 54.51 million baht.
2. Surplus from business combination under common control (minus) 217.67 million baht.

As of December 31, 2014 valued (minus) 40.92 million baht it consisted of

1. Surplus on revaluation of assets – net consisted of buildings 135.40 million baht and machines 41.31 million baht.
2. Surplus from business combination under common control (minus) 217.64 million baht.

(B) Summary of the financial position and business operations (Cont.)

Consolidated Statements of Income

Statements of Comprehensive Income	Consolidated Financial Statements (revised)		Consolidated Financial Statements		Consolidated Financial Statements	
	2012		2013		2014	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Revenue from sale-Net	1,064.73	98.34	1,172.76	99.80	1,209.05	97.87
Other income						
- Unrealized gain (loss) on fair value of derivatives	3.25	0.30	(12.38)	(1.05)	9.09	0.74
- Others	14.77	1.36	14.77	1.26	17.18	1.39
Total revenues	1,082.75	100.00	1,175.15	100.00	1,235.32	100.00
Cost of goods sold	851.68	78.66	905.92	77.09	887.25	71.82
Cost of sales	83.97	7.75	99.80	8.49	108.70	8.80
Administrative expenses	69.21	6.39	95.83	8.15	118.21	9.57
Loss (Gain) on exchange rate	2.66	0.25	(5.78)	(0.49)	7.36	0.60
Total expenses	1,007.52	93.05	1,095.77	93.25	1,121.52	90.79
Profit before interests and income tax expense	75.24	6.95	79.38	6.75	113.80	9.21
Financial costs	33.60	3.10	33.38	2.84	30.95	2.51
Income tax expense	5.00	0.46	5.20	0.44	12.97	1.05
Profit for the period	36.64	3.38	40.79	3.47	69.88	5.66
<u>Other comprehensive income for the period</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total comprehensive income for the period	36.64	3.38	40.79	3.47	69.88	5.66

(B) Summary of the financial position and business operations (Cont.)

Statements of cash flows: Eastcoast Furnitech Public Company Limited and its subsidiaries

Unit: Million Baht

Statements of cash flows	Consolidated	Consolidated	Consolidated
	Financial	Financial	Financial
	Statements	Statements	Statements
	Audited	Audited	Audited
	2012	2013	2014
Profit before income tax expense	41.64	45.99	82.85
<u>Adjustment for non-cash items</u>			
Depreciation and amortization	63.25	70.53	69.07
Increase in allowance for doubtful accounts	-	-	2.13
Provision for post-employment benefits	0.35	0.13	0.31
Unrealized Gain (Loss) on exchange rate	0.33	(0.32)	(0.06)
Increase (decrease) in allowance for obsolete / slow-moving inventories	(0.03)	1.68	8.74
Gain (loss) on sale of machinery and equipment	0.22	(0.43)	(0.24)
Loss on selling equipment	-	0.02	-
Gain (Loss) on fair value of derivatives	(3.25)	12.38	(9.09)
Interest receivable	(0.001)	(0.58)	(0.27)
Interest payable	33.60	33.38	30.95
<i>Increase (decrease) in Operating assets</i>			
Trade account receivable	(15.94)	(57.32)	10.87
Inventories	(89.21)	(79.00)	(140.18)
Other account receivable – related companies	(0.001)	0.001	-
Other current asset	(4.39)	0.86	(4.56)
Other non-current asset	(2.81)	(1.08)	(2.03)
<i>Increase (decrease) in Operating liabilities</i>			
Trade account payable	29.38	(20.52)	(10.90)
Other account payable – related companies	2.29	(1.37)	0.72
Accrued expenses and other current liabilities	8.35	19.09	(6.63)
Income tax expense	(2.86)	(6.61)	(11.74)
Net cash provided by operating activities	60.91	16.84	19.93
Increase in restricted deposits at bank	-	-	(30.00)
Decrease in the investment of marketable securities	10.00	-	-
Increase in the investment of subsidiaries	-	-	-
Increase in held-to-maturity debt securities	(2.00)	-	-
Increase in property, plant and equipment	(44.96)	(35.52)	(28.08)

Statements of cash flows	Consolidated Financial Statements	Consolidated Financial Statements	Consolidated Financial Statements
	Audited	Audited	Audited
	2012	2013	2014
Increase in intangible assets	(3.48)	(1.29)	(1.90)
Cash from sale of equipment	5.47	8.20	1.70
Cash received from interest income	0.001	0.57	0.27
Net cash used in investing activities	(34.97)	(25.04)	(58.00)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	26.66	(41.58)	(21.68)
Increase (decrease) in A/P on the sale of accounts receivable claims	11.17	19.44	(1.32)
Decrease in liabilities in hire-purchase agreement and finance leases contracts	(4.84)	(10.31)	(12.70)
Increase in long-term loans	9.66	5.00	269.90
Repayment of long-term loans	(35.90)	(36.46)	(130.01)
Cash received from increase in share capital (IPO)	-	137.48	-
Preceeds from sales of machinery and equipment under sales and leaseback agreements	-	7.84	9.72
Cash paid for dividend	-	(30.89)	(15.60)
Cash paid for interest expenses	(34.39)	(32.64)	(31.69)
Net cash provided by (used in) financing activities	(27.64)	17.88	66.62
Net increase (decrease) in cash and cash equivalents	(1.71)	1.85	28.55
Cash and cash equivalents at beginning of period	3.34	1.63	3.47
Cash and cash equivalents at end of period	1.63	3.47	32.02

(c) The key financial ratios

Key Financial Ratios	Consolidated Financial Statements (revised)	Consolidated Financial Statements	Consolidated Financial Statements
	2012	2013	2014
LIQUIDITY RATIO			
Current ratio (Times)	0.50	0.71	0.98
Quick Ratio (Times)	0.16	0.26	0.29
Cash Ration (Times)	0.09	0.02	0.03
Account Receivable Turnover Ratio (Times)	10.37	8.41	7.42
Average Collection Period (Days)	34.72	42.80	48.54
Inventory Turnover (Times)	8.33	6.73	5.92
Average Inventory Period Ratio (Days)	43.22	53.48	60.86
Accounts Payable Turnover Ratio (Times)	5.61	5.79	6.31
Repayment period (Days)	64.21	62.13	57.06
Cash Cycle (Days)	13.72	34.15	52.34
PROFITABILITY RATIO			
Gross Profit Margin (%)	20.01	22.75	26.62
Operating Profit Margin (%)	7.07	6.77	9.41
Cash to profitability Ratio (%)	80.95	21.21	17.51
Net Profit Margin (%)	3.40	3.42	5.66
Return On Equity (%)	19.73	14.99	18.78
EFFICIENCY RATIO			
Return On Asset (%)	3.82	3.93	6.00
Return On Fix Asset (%)	26.51	28.40	36.49
Total Assets Turnover (Times)	1.15	1.15	1.06
FINANCIAL POLICY RATIO			
Debt to Equity Ratio (Times)	3.94	2.17	2.10
Interest Coverage Ratio (Times)	2.96	1.66	2.06
Coverage Ratio (Cash Basis) (Times)	0.81	0.15	0.10
Dividend Payout Ratio (%) ^{1/}	84.31	38.24	51.35

Notes : ^{1/}Dividend Payout Ratio = Dividends / Net Income

Management Discussion and Analysis (MD&A)

Performance Analysis

Overview of Past Performance

During the past three years, from 2012 to the end of 2014, the Company's sales revenue increased steadily, with a 3-year compound average growth rate of 6.56 percent. The growth in its sales revenue between 2012 and 2013 was equal to 10.15 percent, and that from 2013 to 2014 was equal to 3.09 percent. It can be seen that the growth rate between 2013 and 2014 decreased compared to that from 2012 to 2013; this mainly stemmed from a decrease in orders from customers in Japan, the Company's major customers for its export revenue. Prior to that, a high volume of orders was placed by Japanese customers from 2013 to the first quarter of 2014, with the aim to hoard products in preparation for the measure for increasing the consumption tax (VAT) in Japan from 5 to 8 percent from April 1, 2014 onwards. Also, this situation resulted from the parliament dissolution under Mr. Shinzo Abe's administration at the end of last year for a new election. However, overall, last year, the Company was able to generate a steady growth rate of its sales revenue. This was mainly contributed to by the growth of revenue from local sales, which was promoted by local consumers' improved confidence in spending and the Company's focus on sales promotion with modern trades that ordered the Company's house-brand products. The Company's house brands included MUSE, LEAF, Fur Direct, a7 and CUBE, which were made for Tesco Lotus, Home Pro, Big C, Mega Home, and Thai Watsadu, respectively. As for CUBE, it was the most recent brand, which was sold to Thai Watsadu last year. This was also contributed to by its sales through the showroom called "ELEGA" and furniture wholesalers – the sales from both channels grew constantly last year. For foreign markets, in addition to customers in Japan, the Company expanded its customer base in the Middle East, the United States of America, the Philippines, India and AEC countries. The volume of orders from these new customers increased in line with the growth of the furniture business and demand of overseas markets. This had a positive impact on export revenue; it led to the growth in its export revenue last year. Furthermore, the Company utilized new manufacturing technology to optimize its cost controls, and the prices of raw materials in manufacturing, e.g. particle board and rubber wood, were tending to be stable. All of these factors resulted in the Company's improved gross profit margin and net profit margin last year.

Since East Coast Group completed restructuring its business operations in 2011, the Company has operated its business through two legal entities: East Coast Furnitech Co., Ltd. (its name before being converted into Public Company) and VV-Decor Co., Ltd, its subsidiary, whose 99.95 percent of its shares are being held by the Company. Since the restructuring, the growth rate of its sales revenue increased steadily in 2014. This last year's growth mainly resulted from its growing sales of particle board furniture from modern trades and 13 showrooms, wholesalers and dealers. Compared to 2013, its 2014 sales increased by 19.3 percent from modern trades, 7.5 percent from the showrooms, and 56.6 percent from dealers. On the other hand, its sales from made-to-order products, which were ordered by customers abroad, fell by 6.7 percent.

Performance

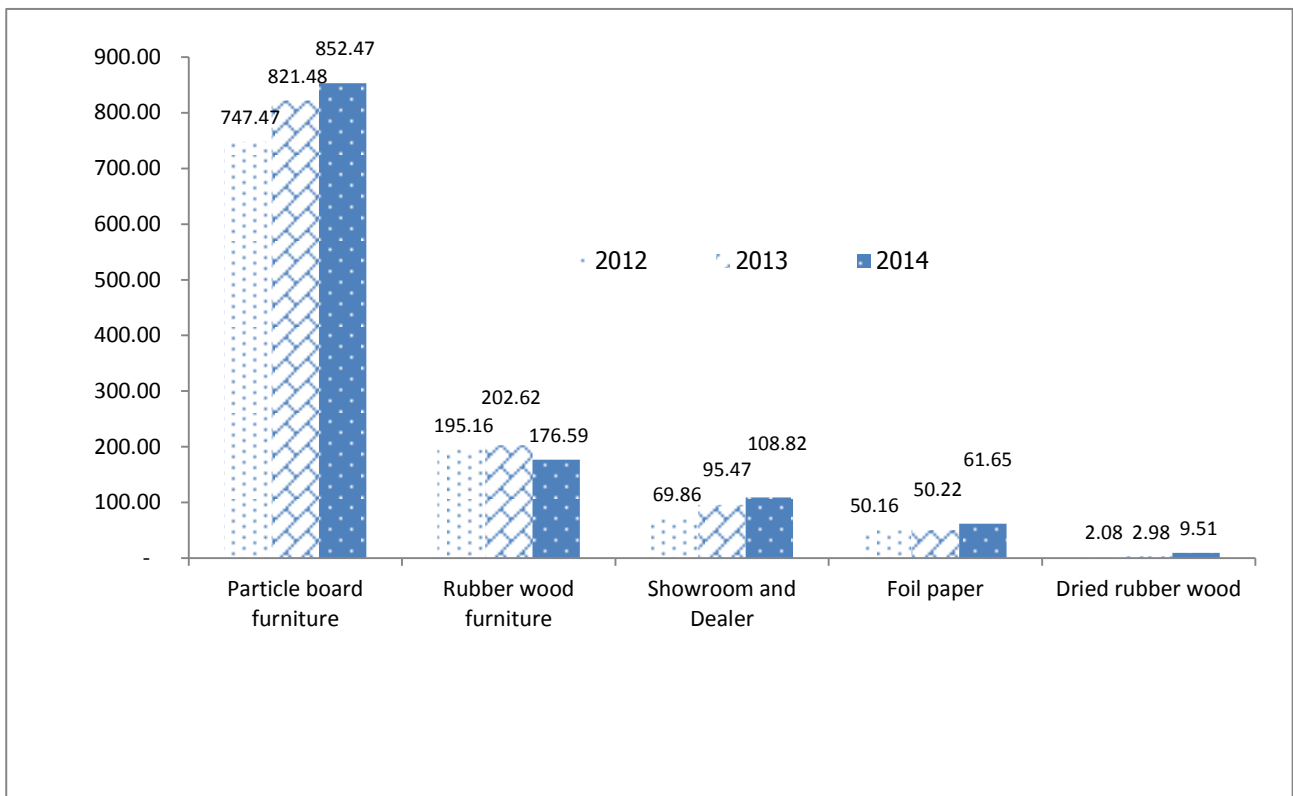
Revenue

The Company's revenue classified by product types ranked according to sales revenue is as follows:

- No. 1: Particle board furniture
- No. 2: Rubber wood furniture
- No. 3: Furniture sold through showrooms, wholesalers, and dealers
- No. 4: Foil paper
- No. 5: Dried rubber wood

Currently, the Company's revenue from the sale of particle board furniture represents 70 percent of its total sales revenue.

**Revenue classified by product types
Since 2012– 2014 (Million Baht)**

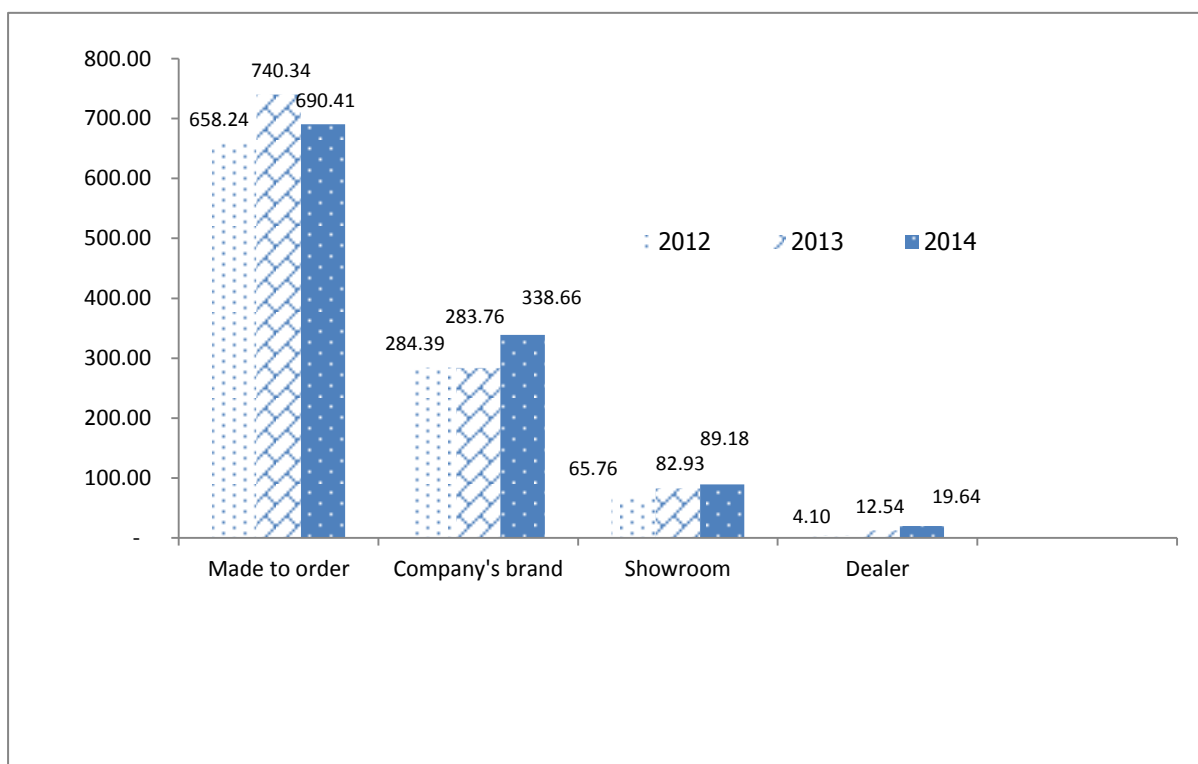


The Company's revenue classified by distribution channels which are ranked according to the revenue from sales is as follows:

- No. 1: Made-to-order channel using the customer's brands
- No. 2: House brands
- No. 3: Showrooms
- No. 4: Wholesalers and dealers

Currently, the Company's revenue from made-to-order products represents 57 percent of its total sales revenue, and this revenue represents 61 percent of its total revenue from furniture sales.

**Revenue from selling furniture
Classified by distribution channel
since 2012 - 2014 (Million Baht)**



Its revenue from domestic and overseas sales last year accounted for approximately 38.67 and 61.33 percent of its total sales revenue, respectively.

The Company's sales revenue equaled 1,064.73 million baht, 1,172.76 million baht, and 1,209.05 million baht in 2012, 2013, and 2014, respectively, which showed an increase of 10.15 percent from 2012 to 2013 and an increase of 3.09 percent from 2013 to 2014.

Last year, a significant increase in the sales revenue was derived from the Company's growth in its revenue from the sale of particle board furniture and the sale of furniture through showrooms, wholesalers

and dealers. The growth rate represented 3.8 and 14 percent, respectively, compared to 2013. In addition, the Company was able to generate a continual growth rate of the sales of foil paper and dried rubber wood. However, the growth rate for rubber wood furniture decreased from that in 2013 by approximately 12.8 percent, which mainly resulted from a decrease in orders placed by customers in Japan. This was in line with the fact that the Company's revenue from exports to Japanese customers in 2013 decreased by approximately 9.21 percent. The major cause of this decrease was that the group of customers placed orders for hoarding from 2013 to early 2014 in preparation for the consumption tax (VAT) increasing measure.

All of the furniture that the Company manufactures for sale is particle board and rubber wood furniture. As for the furniture sold through showrooms, wholesalers and dealers, most of it is imported or is made by other local companies, as ordered by the Company.

Concerning its distribution channels, last year, there was a growth in the sale of furniture that was the Company's house-brand products, the growth rate of which represented 19.3 percent. These products were manufactured and sold to modern trades. The house brands included MUSE, LEAF, Fur Direct, a7 and CUBE, which were made for Tesco Lotus, Home Pro, Big C, Mega Home, and Thai Watsadu, respectively. As for CUBE, it was the most recent brand, which was sold to Thai Watsadu last year. The growth rate of the furniture available through showrooms, wholesalers and dealers was 14 percent. The growth rate for made-to-order products decreased by 6.7 percent, which was consistent with reduced orders from customers in Japan, because all products exported to Japan were made-to-order.

The rise in the sales revenue mainly stemmed from the overall increase in orders from modern trades, which resulted from the fact that the Company developed a marketing strategy focusing on introducing new forms of products and continual sales promotion. Its goal was to expand its customer base in modern trades to achieve steady growth. In late October 2013, the Company started to expand its customer base in modern trades into Mega Home through the 'a7' brand, a new brand of the Company. In the fourth quarter of last year, the Company expanded its customer base into Thai Watsadu.

As for its showroom "ELEGA," leased space in the Index Living Mall and Home Pro, as of December 31, 2014, the Company had 13 ELEGA showrooms. It has aimed to increase the number of showrooms continually, and its goal in 2015 is at least three more showrooms. In 2014, the Company's revenue from sales through its ELEGA showrooms grew by 7.5 percent compared to 2013.

The Company's largest customers for made-to-order products were customers in Japan, who generated its sales revenue of over 51 percent of the total sales revenue, followed by customers in Bahrain, the United States of America, Chile and India, respectively. Despite a decrease in the Company's sales from Japanese customers last year due to their accelerated orders to be prepared for the VAT increase measure and the Japanese parliament's dissolution under Mr. Shinzo Abe's administration in 2014, overall, the value of the Company's made-to-order exports to overseas customers did not drop from 2013. This was because of a significant increase in orders placed by customers from Bahrain, the U.S.A., Chile and India. In addition, the Company expanded its customer base to the Philippines, the first orders from which were received by the Company last year. In 2015, the Company has realized the potential of AEC customers, and it will develop strategies to expand its AEC customer base.

In terms of manufacturing, the Company used new technology to assist in the manufacturing process in order to control manufacturing expenses. It also expanded its production base, as it has done continually, in order to handle the volume of orders of particle board furniture from made-to-order customers and domestic modern trades, which placed orders continuously. In 2013, the Company used money from fundraising obtained via the initial public offering (IPO) to enhance its production efficiency. Furthermore, it improved its production capacity through the investment in machinery and buildings used for manufacturing. The machinery-based manufacturing process will reduce the risks associated with labor costs, which are tending to increase in the future.

The Company's other revenue in 2012, 2013, and 2014 was worth 18.02 million baht, 2.39 million baht, and 26.27 million baht, respectively. This revenue consisted of revenue from the sale of scrap, unrealized gains (losses) based on the fair value measurement of the derivatives, gains (losses) from sale of fixed assets, interest received, and compensation for exports. In 2012, 2013, and 2014, the Company experienced gains worth 3.25 million baht, losses worth 12.38 million baht, and gains worth 9.09 million baht, respectively.

Its total revenue in 2012, 2013, and 2014 was equal to 1,082.75 million baht, 1,175.15 million baht, and 1,235.32 million baht, respectively. Its compound average growth rate per year was 6.81 percent, and its total revenue grew continually, in line with the major growth of its sales revenue.

Costs of goods sold and expenses

In 2012, 2013, and 2014, the Company's costs of goods sold represented 79.99 percent, 77.25 percent, and 73.38 percent of its total sales revenue, respectively. The value of its costs of goods sold equated 851.68 million baht, 905.92 million baht, and 887.25 million baht, respectively.

Data from 2012 to 2014 revealed that the Company's ratio of costs of goods sold to sales revenue declined continually, the major cause of which was its investment in semi-automatic machines to optimize the manufacturing process for particle board furniture. Some of the machines were installed and first used in late 2010. In 2013, the Company spent most of its proceeds from fundraising through the IPO to make an investment to optimize machinery and the manufacturing process, which allowed it to continually reduce the number of people needed for the manufacturing process. The investment in the machinery affected the reducible costs of goods sold from the past three years. In 2012, the decrease in the costs of goods sold was mainly caused by the price of rubber wood which dropped by 60 percent from 2011 and a huge volume of orders. As for its local customers, the Company could expand the product sales volume for some modern trades, which lowered unit production costs. The Company's implementation of the policy towards the reduction of production costs and towards the use of semi-automatic machines started to show dividends in 2013. Another factor that reduced the costs of goods sold was a fall in particle board prices due to the competition amongst particle board manufacturers who were faced with an oversupply situation. Last year, a reduction in costs of goods sold was a result of the optimized manufacturing process. The control of costs and expenses relating to goods ordering for the manufacturing process lowered manufacturing-related costs

and expenses. Also, the prices of its major raw materials, i.e. particle board and rubber wood, were stable without significant swings.

In 2012, 2013, and 2014, the Company's selling expenses represented 7.75 percent, 8.49 percent, and 8.80 percent of the total revenue, respectively, and its administrative expenses represented 6.39 percent, 8.15 percent, and 9.57 percent of the total revenue, respectively.

The major causes of the Company's continual increase in selling and administrative expenses from 2012 to 2014 are outlined below:

1. The Company's costs related to advertisements and sales promotions in the country were based on an agreement that prescribed the increasing of rates of the costs on a yearly basis. When its sales revenue from the modern trades, Tesco Lotus, Big C, Home Pro, Mega Home, and Thai Watsadu, increased and the rates of the sales promotion costs based upon the agreement increased every year, it results in higher advertisement and sales promotion costs to pay. The Company's advertisement and sales promotion costs for the respective modern trades based on the agreement are outlined as follows:
 - The trade discount (Rebate), calculated as percent by proportion of sales
 - The cost for marketing employees, fixed cost per month
 - The marketing expenses, calculated as percent by proportion of sales
 - The distribution expenses , calculated as percent by proportion of sales
 - The discount for opening a new branch as the agreement
 - The discount for annual promotion (Thank You Bonus), calculated as percent by proportion of sales on December every year
 - The fixed special expenses as the agreement of each year
2. The Company increased salaries and wages as assigned by laws and adjusted welfare packages to its employees every year.
3. The allowance for obsolete inventories in 2013 and 2014 equaled 1.68 million baht and 8.74 million baht, respectively. The value of the allowance increased significantly as a result of practices on a conservative basis.
4. Concerning travel and accommodation expenses, last year, people in the Marketing Department travelled to meet with both existing customers and prospective ones within the country as well as outside the country.

The Company's financial costs in 2012, 2013, and 2014 equaled 3.10 percent, 2.84 percent, and 2.51 percent of its total revenue. This was 33.60 million baht, 33.38 million baht, and 30.95 million baht in 2012, 2013, and 2014, respectively.

The financial costs incurred over the last periods included the interest paid on loans from financial institutions. The Company's outstanding overdraft and short-term loans from financial institutions, as of

December 31, 2012, 2013, and 2014, equaled 393.92 million baht, 352.63 million baht, and 330.98 million baht, respectively. The Company's long-term loans from financial institutions equaled 125.34 million baht, 93.88 million baht, and 233.77 million baht, as of December 31, 2012, 2013, and 2014, respectively.

The Company's outstanding short-term and long-term loans were tending to decline steadily for a period of time; however, the long-term loans from financial institutions resumed to increase during 2014 as a result of its financial restructuring – reducing the amount of short-term loans to increase long-term loans and investing in machinery and equipment for manufacturing in 2014, with an additional amount of money totaling 35 million baht.

Gross profit margin and net profit margin

The Company's gross profit margins in 2012, 2013, and 2014 represented 22.75 percent, 20.01 percent, and 26.62 percent of its total sales revenue, which equaled 213.05 million baht, 266.84 million baht, and 321.80 million baht, respectively.

A major factor contributing to the Company's gross profit margins that increased from 2012 was its adjusted manufacturing policy that focused on cutting production costs, purchasing semi-automatic machines for manufacturing particle board furniture to reduce labor costs in the manufacturing process, as well as training workers in manufacturing skills to reduce losses. Other factors included the Company's success in price negotiations with its customers and increasing goods orders, which reduced fixed expenses per unit. The results of the policy implementation started to show promise in 2011, and it continued to create positive impacts through 2012 until 2014.

In both 2012 and 2013, the factor that led to higher gross profit margins was lower costs of particle board, which stemmed from price competition amongst manufacturers with oversupplies of particle board, to release the goods in stock.

The Company's increased gross profit margins in 2012 and 2013 were also the result of its enhancement of manufacturing efficiency and control of costs and expenses of ordering goods in the manufacturing process, which reduced manufacturing-related costs and expenses. Also, the prices of major raw materials used in furniture manufacturing, i.e. particle board and rubber wood, were stable, without significant swings.

The Company's net profit margins in 2012, 2013, and 2014 equaled 36.64 million baht, 40.79 million baht, and 69.88 million baht, which accounted for 3.38 percent, 3.47 percent, and 5.66 percent, respectively. During the past three years, no gains or losses were found in other net gains (losses).

One major external factor that influenced the Company's overall performance was the change in the prices of rubber wood and particle board and raw materials for manufacturing its furniture. The other factor was the order quantities – whether increasing or decreasing, this affected the fixed expenses per unit and then economies of scale, which allowed the Company to manage costs more efficiently. As for internal factors, they included the ability to develop and improve the manufacturing process and investment in semi-

automatic machines to optimize the manufacturing process and reduce the number of workers on the furniture production lines. Other internal factors were the enhancement of workers' manufacturing skills in order to reduce costs and expenses from losses and the ability to manage manufacturing costs and expenses.

Financial status analysis

Assets

Current assets

As of December 31, 2012, 2013, and 2014, the Company's current assets equated 345.37 million baht, 480.32 million baht, and 631.47 million baht, respectively, which are outlined as follows:

- Net accounts receivables – As of December 31, 2012, 2013, and 2014, the Company's net accounts receivables were valued at 110.46 million baht, 168.38 million baht, and 155.50 million baht, which represented 11.20 percent, 15.42 percent, and 12.56 percent of the total assets, respectively. The value of the accounts receivables varied to the sales revenue.

Overall, there was a rise in the value of the Company's accounts receivables from 2012 to 2014, which was in line with the increase in the sales revenue. However, the value dropped in 2014 after the Company became more strict with the collection of receivables from late 2014. Some wholesalers and dealers started delaying payment, and the Company started to ask for payment from these customers. Concerning the Company's ability of payment collection, its average collection period during 2012, 2013, and 2014 was 34.72 days, 42.80 days, and 48.54 days, respectively. In 2013, the Company's collection period was longer than that of years past, which was mainly due to the fact that customers who were modern trades and dealers usually repaid a debt later than the due time stated in the terms of agreement. Similarly, in 2014, the Company's collection period was still long; it was wholesalers and dealers who started to delay their payment. Perhaps, this was due to the economic conditions which had not yet recovered, so some wholesalers and dealers started to experience financial problems. However, the Company was not complacent, so it became more strict with collecting the payment, granting terms of credit, and considering the order quantities and the credit line from the wholesalers and dealers. Currently, the Company is planning to shorten the collection period.

As of December 31, 2014, the Company's net accounts receivables equaled 155.49 million baht. The value of accounts receivables from the Company's related parties was 8.63 million baht, which was derived from the sale of furniture and foil paper for furniture manufacturing to related parties for a value of 30.30 million baht. The related parties were Index Interfurn Co., Ltd. and Index Living Mall Co., Ltd., a director of which was the spouse of Mr. Arak Suksawat, who was the Company's shareholder, director, authorized director, and member of the management team. The value of the accounts receivables from the unrelated parties equated to

146.86 million baht. Almost all of the Company's accounts receivables, 75.93 percent, were not yet due for payment. Currently, the customers to whom the Company considers granting a term of credit are local modern trades and dealers. These customers have never been a problem with respect to collection. For overseas customers, the payment term is L/C at sight or instant transfer (T/T) before the shipment date.

Total debt outstanding as of December 31, 2014

Other companies	Million Baht	
Current	111.511	75.93%
Not over		
- Not over 3 months	33.248	22.64%
- Over 3 - 6 months	1.962	1.34%
- Over 7 - 12 months	1.836	1.25%
- Over 12 months	0.437	0.30%
<u>Total</u>	148.994	101.45%
Less Allowance for doubtful accounts	2.129	1.45%
<u>Net</u>	146.865	100.00%

Related Companies	Million Baht	
Current	5.525	63.99%
Not over		
- Not over 3 months	3.109	36.01%
<u>Total</u>	8.634	100.00%

The Company set the allowance for doubtful accounts based on the past debt collection data by having the policy to follow up debtors to make the payment within credit terms as follows;

Overdue Accounts Receivable	Rate of allowance for doubtful accounts in net accounts receivable
0 - 1 month	0 percentage
1 - 3 months	0 percentage
3 - 6 months	0 percentage
6 - 12 months	50 percentage
More than 12 months	100 percentage

As of December 31, 2014, the Company sold, with a discount, its accounts receivables of approximately 59.20 million baht to two financial institutions under credit facilities of 115.00 million baht. As of December 31, 2014, the financial institutions that provided the Company with factoring credit facilities had a right to have recourse to an approximate amount of 41.20 million baht (the amount of money was waiting for collection from accounts receivables that the Company sold to the financial institutions). The liabilities are recorded as “accounts payables from factoring.” To request the factoring credit facilities, the Company did not need to provide assets as security for the credit facilities. This was a benefit for the Company, as it did not need to have a security burden, and this could improve its liquidity in a way. In the case of overdraft (OD), the Company was able to use its factoring credit facilities to enhance its liquidity.

- As of December 31, 2012, 2013, and 2014, the Company’s net inventories were valued at 211.22 million baht, 288.55 million baht, and 419.99 million baht, which represented 21.42 percent, 26.43 percent, and 33.91 percent of its total assets, respectively.

The Company’s inventories included raw materials prepared for manufacturing goods during production and finished goods stocked for sale, as well as furniture imported or purchased locally for sale. In the past, the value of inventories continually increased in line with the increasing sales volume. The higher sales volume forced the Company to plan purchasing raw materials and stocking inventories sufficiently to meet demand and to prevent shortages of raw materials used in manufacturing for sale, especially rubber wood. In the past, the Company had sufficient rubber wood in stock, and when the prices of rubber wood rose, it sold the wood to third parties. Normally, all high-quality processed rubber wood is fed to the furniture manufacturing process; it is not sold to the third parties. Currently, the Company receives a large number of orders for made-to-order products and house-brand products, so over 95 percent of processed rubber wood and dried rubber wood produced by the Company is put into the Company’s furniture manufacturing process. As for poor-quality wood or wood with wrong dimensions, which account for the other five percent, it is not used for making furniture. Instead, it is sold to third parties, which purchase this wood to use as raw material for making other products, such as pallets.

Most furniture that the Company manufactures and sells to made-to-order and local modern trade customers is particle board furniture. Under a condition in the agreement, the Company has to produce finished goods to stock for delivery. Overseas customers and modern trades normally inform the Company of the quantities of finished goods they need for each delivery. Therefore, it needs to sufficiently stock its goods and ensure punctual deliveries. In 2014, most of the Company’s inventories are goods during production, which accounted for 51.70 percent of the net inventory value. During that time, the Company was manufacturing goods to deliver to made-to-order and local modern trade customers. This was followed by finished goods, which represented 37.40 percent.

Another topic is the average sales period (calculated based on inventories – finished goods, excluding goods during production, goods in transit, and materials used in manufacturing). In 2012, 2013, and 2014, the Company's average sales period equaled 43.22 days, 60.86 days, 53.48 days, respectively. The approximate period for stocking finished goods before they were sold was two months. Overall, the Company's average sales period since 2012 has risen steadily, as a result of its continually increased finished goods in stock, from 211.22 million baht as of December 31, 2012 to 419.99 million baht as of December 31, 2014. This partly stemmed from its continually growing sales revenue and from the terms of agreement about stocking finished goods waiting for delivery to local modern trades. In 2014, the Company's sales revenue from modern trades grew by 19 percent, so it needed to manufacture more goods waiting for delivery to the customers. In addition, at the end of 2014, the Company accelerated producing goods to deliver to customers in foreign countries in early 2015. The consequence was a higher value of goods during production, as of December 31, 2014.

With regard to policies relating to inventories, the Company has a policy towards the allowance for obsolete inventories. Its policy towards the allowance for obsolete inventories and also slow-moving goods takes into account the age (over three years), conditions and past experience of the goods. The allowance for obsolete inventories and slow-moving goods is approximately five percent of the value of goods to be received. If the goods have stayed over four years, its allowance is 50 percent of the value of goods to be received. For the past years, the Company has focused on the implementation of a policy to continually check and track the movement of inventories. The Company has solved the problem with slow-moving goods or inventories by providing sale promotion programs to release them. As of December 31, 2014, the Company's allowance for obsolete inventories and slow-moving goods was 12.76 million baht, compared with 2013, when the allowance was 4.02 million baht. This conformed to practices on the conservative basis.

Non-current assets

As of December 31, 2012, 2013, and 2014, the value of the Company's non-current assets equated to 640.80 million baht, 611.59 million baht, and 607.20 million baht, respectively, which are outlined as follows:

- As of December 31, 2012, 2013, and 2014, the Company's net value of land, buildings and equipment equalled 395.43 million baht, 388.50 million baht, and 373.00 million baht, which accounted for 40.10 percent, 35.58 percent, and 30.11 percent of its total assets, respectively.

In 2014, the Company's major investment was made in machinery for the manufacturing process, which was 33.51 million baht, vehicles for business, 3.48 million baht, as well as office supplies, 2.65 million baht. It made no investment in buildings.

- As of December 31, 2012, 2013, and 2014, the Company's net appraisal surplus totaled 229.42 million baht, 206.49 million baht, and 183.58 million baht, which represented 23.26 percent, 18.91 percent, and 14.82 percent of its total assets, respectively.

In 2011, the Company applied new methods to be used in the revaluation of its buildings and machines to reveal the fair value of assets whose value significantly changed from the book value. The market approach was used for machinery valuation, and the cost approach for building valuation from March to July 2011. The Company's buildings and machines, plus the machines it purchased from related parties in 2010 and 2011, were appraised by an independent appraiser, who was also the appraiser of the assets during connected asset trading for structuring the Company. The appraised value of the buildings was approximately 218.00 million baht, while the appraised value of the machinery was approximately 150.00 million baht. The increase book value of the buildings and machines was approximately 170.6 million baht and 104.10 million baht, respectively. The Company recorded the increased asset book value as appraisal surplus.

Total assets

As of December 31, 2012, 2013, and 2014, the Company's total assets were valued at 986.17 million baht, 1,091.91 million baht, and 1,238.67 million baht, respectively.

The continual increase in its total assets from 2012 was a result of the increase in its accounts receivables and inventories from 2012, which grew according to sales growth.

Liquidity

The Company's liquidity as of December 31, 2012, 2013, and 2014 equaled 0.50 times, 0.71 times, and 0.98 times, respectively. Its liquidity ratio was the ratio of current assets to current liabilities. Overall, its liquidity ratio increased continually; so did the Company's current assets. As of December 31, 2012, 2013, and 2014, its current assets were valued at 345.37 million baht, 480.32 million baht, and 631.47 million baht, respectively. On the contrary, its current liabilities continually decreased. As of December 31, 2012, 2013, and 2014, they equaled 686.33 million baht, 673.90 million baht, and 644.58 million baht, respectively. The reduction was mainly caused by a decrease in overdraft and short-term loans from financial institutions, as well as accounts payable.

In terms of the quick liquidity ratio, as of December 31, 2012, 2013, and 2014, it equaled 0.16 times, 0.26 times, and 0.29 times, respectively. Overall, the ratio of the Company increased, which mainly resulted from the continual increase in the Company's net accounts receivables, between 2012 and 2013. In the year 2014, the increased quick liquidity ratio was derived from cash and cash equivalents that increased from its improved profitability. As of December 31, 2012, 2013, and 2014, it equaled 1.63 million baht, 3.47 million baht, and 32.02 million baht, respectively.

Liabilities

Current liabilities

As of December 31, 2012, 2013, and 2014, the Company's current liabilities were valued at 686.33 million baht, 673.90 million baht, and 644.58 million baht, respectively. They are outlined as follows:

- As of December 31, 2012, 2013, and 2014, the Company's overdraft and short-term loans from financial institutions were valued at 393.92 million baht, 352.63 million baht, and 330.98 million baht, which accounted for 39.94 percent, 32.29 percent, and 26.72 percent of its liabilities and shareholders' equity, respectively. Its overdraft and short-term loans from financial institutions were used as the working capital for running the business.
- As of December 31, 2012, 2013, and 2014, the Company's accounts payables were valued at 166.60 million baht, 146.08 million baht, and 135.18 million baht, which represented 16.89 percent, 13.38 percent, and 10.91 percent of its liabilities and shareholders' equity, respectively. Overall, the value of the Company's accounts payables decreased continually. The Company's payment period for accounts due in 2012, 2013, and 2014 equated 64.21 days, 62.13 days, and 57.06 days, respectively. The payment complied with the collection policy of the Company's accounts payables. However, the Company started to negotiate the extension of the payments due period or credit terms from some accounts payables.
- The long-term loans that were due to be paid within a year as of December 31, 2012, 2013, and 2014 were valued at 53.98 million baht, 50.20 million baht, and 66.97 million baht, respectively. They were part of the remaining long-term loans. The Company's remaining long-term loans equalled 125.34 million baht, 93.88 million baht, and 233.77 million baht, respectively.

Non-current liabilities

As of December 31, 2012, 2013, and 2014, the Company's non-current liabilities totalled 100.39 million baht, 73.17 million baht, and 194.97 million baht, respectively, which are outlined as follows:

- As of December 31, 2012, 2013, and 2014, its net long-terms loans were valued at 71.36 million baht, 43.68 million baht, and 166.80 million baht, which represented 7.24 percent, 4.00 percent, and 13.47 percent of its liabilities and shareholders' equity, respectively. The long-term loans increased again in 2014 because of the Company's restructuring of its credit facilities with a financial institution and more long-term loans it was granted.

Total liabilities

As of December 31, 2012, 2013, and 2014, the Company's total liabilities equalled 786.71 million baht, 747.07 million baht, and 839.55 million baht, respectively.

The major items of the total liabilities were overdraft and short-term loans from financial institutions, followed by long-term loans that were due to be paid within a year and net long-term loans, which significantly increased in 2014, as a result of requesting more credit facilities from financial institutions.

Shareholders' equity

As of December 31, 2012, 2013, and 2014, the Company's shareholders' equity totalled 199.45 million baht, 344.84 million baht, and 399.12 million baht, respectively.

The shareholders' equity is outlined as follows:

- With respect to issued and paid-up registered capital, as of December 31, 2012, 2013, and 2014, the Company's registered capital equaled 100.00 million baht (from registered capital of 130.00 million baht), 130.00 million baht (from registered capital of 130.00 million baht), and 130.00 million baht (from registered capital of 195.00 million baht), respectively. As of December 31, 2014, the Company's issued and paid-up registered capital was valued at 130.00 million baht – 520.00 ordinary shares with a par value of 0.25 baht per share. Based on the Company's consolidated and separate financial statements, the issued and paid-up registered capital accounted for 10.50 percent of the liabilities and shareholders' equity. At the Extraordinary General Shareholders' meeting, no. 1/2014, on July 18, 2014, the shareholders resolved to increase the Company's registered capital from 130.00 million baht to 195.00 million baht, which was 780.00 ordinary shares with a par value of 0.25 baht per share. The registration of the new 260.00 ordinary shares aimed to approve the exercise of rights based on the warrants issued to existing shareholders. The Company registered the capital increase with the Ministry of Commerce on August 8, 2014.
- The Company's share premium as of December 31, 2013 and 2014 was valued at 105.48 million baht, which was a result of the IPO in March 2013 that had a par value of 1.20 baht per share. The Company was paid for the shares valued at approximately 144.00 million baht (before cost deduction), and it recorded this as registered capital of 30.00 million baht and a share premium of 105.48 million baht, which was the net amount of the expense for ordinary share offering of approximately 8.6 million baht.
- The Company's unappropriated retained earnings as of December 31, 2012, 2013, and 2014 equaled 90.44 million baht, 117.36 million baht, and 187.96 million baht, respectively. As of December 31, 2014, the Company's unappropriated retained earnings represented 15.17 of its liabilities and shareholders' equity. The unappropriated retained earnings as of December 31, 2014 were a payment from the share premium based on the appraisal of buildings and machines, which was then transferred to the retained earnings. The retained earnings that could not be paid as dividends equated to 88.11 million baht, but those that could be paid as dividends were valued at 99.85 million baht.

Cash flows for the fiscal year, which ended on December 31, 2014

Net cash from (used in) operating activities

The Company's cash from its operating activities equaled 19.93 million baht. The major transaction that affected the cash flows from the operations consisted of an increase in its inventory in 2014. The increase in inventory from 2013 to 2014 was 140.18 million baht, and that from 2012 to 2013 was 79.00 million baht. In addition, a major transaction also comprised accounts payable, which involved an increase in the amount of payments by 10.90 million baht from 2013. This major transaction resulted in the Company having cash flows from its operations with a value of 19.93 million baht, compared to the year 2013, when cash flows from its operations equaled 16.84 million baht.

Net cash from (used in) investment activities

The Company's cash involved in investment activities equaled minus 58.00 million baht. The major transaction in 2014 was depositing an additional 30.00 million baht in the bank with a limit on its use and paying cash of 28.08 million baht to purchase land, buildings and equipment. The cash flows received from selling machines and equipment equaled 1.70 million baht.

Net cash from (used in) financing activities

The Company's net cash used in financing activities equated to 66.62 million baht. The major transaction was cash of 269.90 million baht from long-term loans. The repayment for long-term loans was approximately 130.01 million baht, and the overdraft and short-term loans from financial institutions decreased by 21.68 million baht. In addition, the dividends paid were amounted to 15.60 million baht, while the interest paid was 31.69 million baht.

As of December 31, 2014 the Company's cash and cash equivalents equaled 32.02 million baht.

For the year 2014 average inventory period ratio was 60.86 days, average collection period ratio was 48.54 days, and average repayment period ratio was 57.06. As the result, the Company's cash cycle was 52.34 days, calculated by average inventory period plus average collection period and then minus average repayment period.

Expenses for investment

During the past, the objective of the Company's expenses for investment was to invest in building factories, machinery, and equipment for expansion in the production capacity, and the improvement of the production efficiency. The details were as follows;

The table of expenses for investment

	Million Baht		
	2012	2013	2014
Expenses for investment in fix assets	44.96	38.81	25.40

Factors or Events that May Have Significant Impacts on the Financial Status or Operations (Forward Looking)

During 2014, the Company's core business was manufacturing and selling furniture made with particle board and rubber wood. In the fourth quarter of 2014, the Company was affected by the economic downturn in the country and other areas in the world. In the case of Japan, the Company's major customer, although the Japanese government announced a policy to stimulate the domestic economic sector and consumption, local and foreign consumers' confidence in spending decreased. During this period, the Company's sales revenue from furniture dropped by 10.86 percent. This quarter was the only time when the Company was adversely affected. However, overall, in 2014, the Company was able to generate continual growth in its sales revenue. Its net profit growth rate exceeded 70 percent.

Based on the forecast of factors or events that may affect the Company's financial status or operations, the Company believes that its core business is the manufacturing and selling of furniture, and in the future, if the economic conditions are promising, the customers' purchasing power will return to the market. The figures in 2014 manifested that the Company's major customers generated a growth rate in the Company's sales revenue. The sales from modern trade customers grew by over 19 percent. Accordingly, in terms of the directions of the expansion of its sales revenue, the Company is still focusing on modern trade customers. Furthermore, it will place an emphasis on the development of new products and seek ways to add value to its products to upgrade their prices to achieve improved profitability.

Concerning the business expansion into renewable energy, the Company's Board of Directors, on February 27, 2014, resolved to approve the establishment of a subsidiary to accommodate its investment in Japan. As for the solar power plant project equipped with a power generation capacity of 1.5 MW in Himeji, Hyogo Prefecture, ECF Holding, its subsidiary, will hold 51 percent of the shares of this project. It is expected that the revenue from power sales will be realized within the fourth quarter of 2015. Aiming to expand its investment in the power plant business in Japan that reaches 10-15 MW, the Company is now in the negotiation process. The Company's Board of Directors has approved in principle to start the feasibility study of the investment in the power plant business using bioenergy and biomass, and it aims to commence the first project within the third quarter of this year.

As for solar rooftop business, the Company is preparing to open the bidding for selling power generated by rooftop photovoltaic panels, according to the Energy Regulatory Commission's Notification on Purchasing Power from Rooftop Photovoltaic Panels. Presently, the Company is waiting for the clarification of a government policy before the bidding period can open. The Company's Board of Directors resolved to approve the establishment of five subsidiaries to run the project, and the Company is now awaiting the clarity about the notification on the bidding from the government. The Company must complete the registration of the five subsidiaries to be prepared for the nomination for a juristic entity as a candidate in the bidding. It aims to start the first phase of the project with a power generation capacity of approximately 10 MW this year, with a target of 30 MW by the end of the year.

Financial Statements and Notes to Financial Statements

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

Financial Statements

For the Year Ended December 31, 2014

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

I have audited the accompanying consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. I have also audited the accompanying financial statements of East Coast Furnitech Public Company Limited, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiary as at December 31, 2014, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Mr. Methee Ratanasrimetha)
Certified Public Accountant
Registration No. 3425

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 27, 2015

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2014 AND 2013

ASSETS

	Note	Baht			
		Consolidated		The Company Only	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
CURRENT ASSETS					
Cash and cash equivalents		32,021,511	3,472,392	31,403,417	3,233,372
Trade receivables					
- Related parties	4, 5	8,633,826	10,274,916	12,282,843	16,075,791
- Other parties - net	5	146,864,858	158,108,820	144,199,756	151,571,436
Inventories - net	6	419,986,222	288,547,102	419,986,222	288,547,102
Other current assets					
- Value-added tax receivable		8,464,267	5,318,661	8,464,267	5,318,661
- Other receivable		6,790,515	3,008,817	6,790,515	3,008,817
- Prepaid expenses		4,091,242	6,409,122	4,091,242	6,409,122
- Others		4,617,938	5,182,031	4,608,438	5,171,354
Total Current Assets		631,470,379	480,321,861	631,826,700	479,335,655
NON-CURRENT ASSETS					
Restricted deposits at bank	7	30,000,000	-	30,000,000	-
Investment in subsidiary accounted for using the cost method	8	-	-	999,500	999,500
Investment in held-to-maturity debt securities	9	2,000,000	2,000,000	2,000,000	2,000,000
Property, plant and equipment - net	10, 12, 15, 16	372,996,599	388,498,947	372,996,599	388,498,947
Asset revaluation surplus - net	10	183,579,331	206,492,343	183,579,331	206,492,343
Intangible assets - net	11	4,418,053	4,011,808	4,418,053	4,011,808
Deferred tax assets	22	3,677,289	1,440,506	3,393,838	1,440,506
Other non-current assets - net					
- Deposits and guarantees	4, 28	9,084,097	8,459,148	9,084,097	8,459,148
- Others - net	4	1,445,908	685,473	1,445,908	685,473
Total Non-Current Assets		607,201,277	611,588,225	607,917,326	612,587,725
TOTAL ASSETS		1,238,671,656	1,091,910,086	1,239,744,026	1,091,923,380

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2014 AND 2013

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated		The Company Only	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	7, 10, 12	330,984,876	352,626,573	330,984,876	352,626,573
Factoring payables	5	41,774,369	43,089,874	41,774,369	43,089,874
Trade payables					
- Related parties	4	-	192,960	-	192,960
- Other parties		135,180,017	145,884,178	135,180,017	145,884,178
Other payables - related party	4	2,104,027	1,383,977	2,104,027	1,383,977
Current portion of liabilities under hire purchase and finance lease agreements	10, 16	10,684,460	11,706,258	10,684,460	11,706,258
Current portion of long-term borrowings	10, 15	66,965,775	50,196,829	66,965,775	50,196,829
Income tax payable		8,723,417	3,759,145	8,723,417	3,759,145
Accrued expenses and other current liabilities	13, 28	48,162,706	65,057,311	48,077,640	65,017,719
Total Current Liabilities		644,579,647	673,897,105	644,494,581	673,857,513
NON-CURRENT LIABILITIES					
Liabilities under hire purchase and finance lease agreements - net	10, 16	17,814,978	17,950,683	17,814,978	17,950,683
Deferred gain on sales and leaseback - net	10, 16	215,076	213,873	215,076	213,873
Long-term borrowings - net	15	166,799,838	43,682,857	166,799,838	43,682,857
Liability for post-employment benefits	14	3,280,931	2,967,417	3,280,931	2,967,417
Deferred tax liabilities	22	6,861,674	8,358,258	6,861,674	8,358,258
Total Non-Current Liabilities		194,972,497	73,173,088	194,972,497	73,173,088
Total Liabilities		839,552,144	747,070,193	839,467,078	747,030,601
SHAREHOLDERS' EQUITY					
Authorized share capital - 780,000,000 common shares in 2014 and 520,000,000 common shares in 2013, Baht 0.25 par value	17, 18	195,000,000	130,000,000	195,000,000	130,000,000
Issued and paid-up share capital - 520,000,000 common shares, Baht 0.25 par value		130,000,000	130,000,000	130,000,000	130,000,000
Premium on shares	17	105,482,882	105,482,882	105,482,882	105,482,882
Retained earnings					
- Appropriated for legal reserve	19, 20	16,600,000	11,500,000	16,600,000	11,500,000
- Unappropriated		187,960,767	117,364,720	189,118,203	117,417,606
Total		440,043,649	364,347,602	441,201,085	364,400,488
Other components of equity	10, 22	(40,924,137)	(19,507,709)	(40,924,137)	(19,507,709)
Total Shareholders' Equity		399,119,512	344,839,893	400,276,948	344,892,779
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,238,671,656	1,091,910,086	1,239,744,026	1,091,923,380

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Note	Baht			
		Consolidated		The Company Only	
		2014	2013	2014	2013
REVENUES					
Net sales	4, 24	1,209,049,210	1,172,757,085	1,208,710,368	1,171,911,107
Other income					
- Unrealized gain (loss) on valuation of fair value of derivatives	13, 28	9,091,562	(12,380,005)	9,091,562	(12,380,005)
- Others		17,181,046	14,769,501	17,179,747	14,755,253
Total Revenues		<u>1,235,321,818</u>	<u>1,175,146,581</u>	<u>1,234,981,677</u>	<u>1,174,286,355</u>
EXPENSES					
Cost of sales	4	887,250,755	905,916,568	887,250,755	905,930,092
Selling expenses	4	108,701,771	99,801,757	108,586,549	99,132,918
Administrative expenses	4, 11	118,214,583	95,831,676	116,601,663	95,581,093
Loss (Gain) on exchange rate		7,356,295	(5,778,596)	7,356,295	(5,778,596)
Finance costs	16	30,948,156	33,382,675	30,948,156	33,382,675
Total Expenses	21	<u>1,152,471,560</u>	<u>1,129,154,080</u>	<u>1,150,743,418</u>	<u>1,128,248,182</u>
PROFIT BEFORE INCOME TAX EXPENSE		<u>82,850,258</u>	<u>45,992,501</u>	<u>84,238,259</u>	<u>46,038,173</u>
Income Tax Expense	22, 23	<u>12,971,360</u>	<u>5,202,867</u>	<u>13,254,811</u>	<u>5,202,867</u>
PROFIT FOR THE YEAR		<u>69,878,898</u>	<u>40,789,634</u>	<u>70,983,448</u>	<u>40,835,306</u>
Other Comprehensive Income for the Year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>69,878,898</u>	<u>40,789,634</u>	<u>70,983,448</u>	<u>40,835,306</u>
Basic Earnings per Share	18	<u>0.134</u>	<u>0.082</u>	<u>0.137</u>	<u>0.082</u>
Diluted Earnings per share	18	<u>0.114</u>	<u>0.082</u>	<u>0.115</u>	<u>0.082</u>

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

		Baht												
		Consolidated												
	Note	Issued and Paid-up Share Capital	Premium on shares	Appropriated for Legal Reserve	Retained Earnings		Other Components of Equity				Total	Surplus on Business Combination under Common Control	Total Other Components of Equity	Total Shareholders' Equity
					Unappropriated	Total	Revaluation Surplus - Net	Building	Machinery	Revaluation Surplus - Net				
Beginning balance as at January 1, 2013		100,000,000	-	6,300,000	90,442,625	196,742,625	151,997,538	68,380,451	-	-	(217,665,794)	2,712,195	199,454,820	
Sales of equipment	10	-	-	-	(13,203)	(13,203)	-	(10,796)	-	-	23,999	13,203	-	
Proceeds from public offering	17	30,000,000	105,482,882	-	-	135,482,882	-	-	-	-	-	-	135,482,882	
Appropriation for legal reserve	20	-	-	5,200,000	(5,200,000)	-	-	-	-	-	-	-	-	
Payment of dividends	20	-	-	-	(30,887,443)	(30,887,443)	-	-	-	-	-	-	(30,887,443)	
Transfer to retained earnings	10, 22	-	-	-	22,233,107	22,233,107	(8,377,768)	(13,855,359)	-	-	-	(22,233,107)	-	
Total comprehensive income for the year		-	-	-	40,789,634	40,789,634	-	-	-	-	-	-	40,789,634	
Ending balance as at December 31, 2013		130,000,000	105,482,882	11,500,000	117,364,720	364,347,602	143,619,770	54,514,316	-	-	(217,641,795)	(19,507,709)	344,839,893	
Appropriation for legal reserve	20	-	-	5,100,000	(5,100,000)	-	-	-	-	-	-	-	-	
Payment of dividends	20	-	-	-	(15,599,279)	(15,599,279)	-	-	-	-	-	-	(15,599,279)	
Transfer to retained earnings	10, 22	-	-	-	21,416,428	21,416,428	(8,214,890)	(13,201,538)	-	-	-	(21,416,428)	-	
Total comprehensive income for the year		-	-	-	69,878,898	69,878,898	-	-	-	-	-	-	69,878,898	
Ending balance as at December 31, 2014		130,000,000	105,482,882	16,600,000	187,960,767	440,043,649	135,404,880	41,312,778	-	-	(217,641,795)	(40,924,137)	399,119,512	

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

		Baht										
		The Company Only										
	Note	Issued and Paid-up Share Capital	Premium on shares	Appropriated for Legal Reserve	Retained Earnings		Other Components of Equity				Total Components of Equity	Total Shareholders' Equity
					Unappropriated	Total	Revaluation Surplus - Net Building	Machinery	Combination under Common Control	Total Other Components of Equity		
Beginning balance as at January 1, 2013		100,000,000	-	6,300,000	90,449,839	196,749,839	151,997,538	68,380,451	(217,665,794)	2,712,195	199,462,034	
Sales of equipment	10	-	-	-	(13,203)	(13,203)	-	(10,796)	23,999	13,203	-	
Proceeds from public offering	17	30,000,000	105,482,882	-	-	135,482,882	-	-	-	-	135,482,882	
Appropriation for legal reserve	20	-	-	5,200,000	(5,200,000)	-	-	-	-	-	-	
Payment of dividends	20	-	-	-	(30,887,443)	(30,887,443)	-	-	-	-	(30,887,443)	
Transfer to retained earnings	10, 22	-	-	-	22,233,107	22,233,107	(8,377,768)	(13,855,359)	-	(22,233,107)	-	
Total comprehensive income for the year		-	-	-	40,835,306	40,835,306	-	-	-	-	40,835,306	
Ending balance as at December 31, 2013		130,000,000	105,482,882	11,500,000	117,417,606	364,400,488	143,619,770	54,514,316	(217,641,795)	(19,507,709)	344,892,779	
Appropriation for legal reserve	20	-	-	5,100,000	(5,100,000)	-	-	-	-	-	-	
Payment of dividends	20	-	-	-	(15,599,279)	(15,599,279)	-	-	-	-	(15,599,279)	
Transfer to retained earnings	10, 22	-	-	-	21,416,428	21,416,428	(8,214,890)	(13,201,538)	-	(21,416,428)	-	
Total comprehensive income for the year		-	-	-	70,983,448	70,983,448	-	-	-	-	70,983,448	
Ending balance as at December 31, 2014		130,000,000	105,482,882	16,600,000	189,118,203	441,201,085	135,404,880	41,312,778	(217,641,795)	(40,924,137)	400,276,948	

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expense	82,850,258	45,992,501	84,238,259	46,038,173
Adjustments				
Depreciation and amortization	69,065,321	70,526,015	69,065,321	70,526,015
Increase in allowance for doubtful accounts	2,129,534	-	712,281	-
Expenses on post-employment benefits	313,514	129,841	313,514	129,841
Increase in allowance for diminution in value of inventories	8,739,663	1,676,186	8,739,663	1,676,186
Unrealized loss (gain) on valuation of fair value of derivatives	(9,091,562)	12,380,005	(9,091,562)	12,380,005
Unrealized gain on exchange rate	(60,689)	(315,727)	(60,689)	(315,727)
Gain on sales of machinery and equipment	(241,375)	(429,651)	(241,375)	(429,651)
Loss on write-off equipment	-	19,277	-	19,277
Interest income	(271,257)	(576,580)	(271,257)	(576,580)
Interest expense	30,948,156	33,382,675	30,948,156	33,382,675
Decrease (increase) in operating assets				
Trade receivables	10,868,441	(57,324,420)	10,565,270	(57,678,244)
Inventories	(140,178,783)	(79,003,929)	(140,178,783)	(79,036,349)
Other receivables - related party	-	1,047	-	-
Other current assets	(4,559,005)	855,731	(4,560,182)	866,908
Other non-current assets	(2,032,324)	(1,077,187)	(2,032,324)	(1,077,187)
Increase (decrease) in operating liabilities				
Trade payables	(10,897,121)	(20,518,142)	(10,897,121)	(20,518,142)
Other payables - related parties	720,050	(1,367,010)	720,050	(1,367,010)
Accrued expenses and other current liabilities	(6,633,005)	19,094,785	(6,678,479)	19,277,676
	31,669,816	23,445,417	31,290,742	23,297,866
Income tax paid	(11,740,455)	(6,607,998)	(11,740,455)	(6,607,998)
Net Cash Provided by Operating Activities	19,929,361	16,837,419	19,550,287	16,689,868
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in restricted deposits at bank	(30,000,000)	-	(30,000,000)	-
Increase in property, plant and equipment	(28,075,186)	(32,521,123)	(28,075,186)	(32,521,123)
Increase in intangible assets	(1,898,559)	(1,289,700)	(1,898,559)	(1,289,700)
Proceeds from sales of machinery and equipment	1,701,701	364,486	1,701,701	364,486
Interest received	271,257	572,987	271,257	572,987
Net Cash Used in Investing Activities	(58,000,787)	(32,873,350)	(58,000,787)	(32,873,350)

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in bank overdrafts and short-term borrowings from financial institutions	(21,679,032)	(41,576,842)	(21,679,032)	(41,576,842)
Increase (decrease) in factoring payables	(1,315,505)	19,442,084	(1,315,505)	19,442,084
Decrease in liabilities under hire purchase and finance lease agreements	(12,700,607)	(10,311,667)	(12,700,607)	(10,311,667)
Increase in long-term borrowings	269,900,000	5,000,000	269,900,000	5,000,000
Repayments of long-term borrowings	(130,014,073)	(36,461,350)	(130,014,073)	(36,461,350)
Proceeds from public offering (net of expenses on offering of Baht 6,517,118 in 2013)	-	137,482,882	-	137,482,882
Proceeds from sales of machinery and equipment under sales and leaseback agreements	9,715,000	7,837,909	9,715,000	7,837,909
Dividends paid	(15,599,279)	(30,887,443)	(15,599,279)	(30,887,443)
Interest paid	(31,685,959)	(32,643,695)	(31,685,959)	(32,643,695)
Net Cash Provided by Financing Activities	66,620,545	17,881,878	66,620,545	17,881,878
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,549,119	1,845,947	28,170,045	1,698,396
Cash and Cash Equivalents at Beginning of Year	3,472,392	1,626,445	3,233,372	1,534,976
CASH AND CASH EQUIVALENTS AT END OF Year	32,021,511	3,472,392	31,403,417	3,233,372
Supplementary disclosures of cash flow information:				
a. Cash and cash equivalents at end of year				
Cash in hand	685,932	419,985	438,877	389,985
Current accounts at banks	3,186,598	1,450,718	2,815,559	1,241,698
Savings deposits at banks	28,148,981	1,601,689	28,148,981	1,601,689
Total	32,021,511	3,472,392	31,403,417	3,233,372
b. Non-cash transactions				
Purchases of vehicles and machinery and equipment by means of hire purchase and finance lease agreements	11,543,104	13,418,659	11,543,104	13,418,659
Purchases of machinery and equipment by means of payables	-	67,290	-	67,290
Gain on sales and leaseback of machinery and equipment	173,022	97,782	173,022	97,782

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements
December 31, 2014 and 2013

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 (see Note 17). 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 3 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 15 which comprise 3 branches located in Bangkok and Nonthaburi, 2 branches in Pathumthani and Chonburi, and 1 branch in Rayong, Chiangmai, Suphanburi, Chachoengsao, and Nakhon Ratchasima.

VV-Décor Co., Ltd., 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 12150.

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), 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 disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The consolidated financial statements for the years ended December 31, 2014 and 2013 included the accounts of the Company and its subsidiary in which the Company has the controlling power or direct / indirect shareholding as follows:

<u>Company Name</u>	<u>Type of Business</u>	<u>Authorized Share Capital (In Thousand Baht)</u>	<u>Percentage of Direct Shareholding</u>
VV-Décor Co., Ltd	Sales of laminating papers and furniture-decorating supplies	1,000	99.95

Significant intercompany transactions between the Company and its subsidiary have been eliminated in the preparation of the consolidated financial statements.

Revision and issuance of new accounting standards, financial reporting standards, and interpretations

FAP issued several Notifications which were announced in the Royal Gazette during 2013 and 2014, regarding the revision and issuance of new Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective periods as follows:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

a) Effective for the accounting period beginning on or after January 1, 2014:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investment in Associates
TAS 31 (revised 2012)	Interest in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

b) Effective for the accounting period beginning on or after January 1, 2016:

TFRS 4	Insurance Contracts
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Adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Company and its subsidiaries.

However, FAP has additionally issued several Notifications which were announced in the Royal Gazette during 2014 and 2015, regarding the revision and issuance of new TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2015 whereby the Company and its subsidiaries have not yet adopted in the preparation of the accompanying financial statements and have no policy to early adopt before the effective period, which are as follows:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 4 (revised 2014)	Insurance Contracts
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Management of the Company and its subsidiaries has preliminarily assessed and believed that there will be no material effect to the financial statements of the Company and its subsidiaries upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC.

The Company and its subsidiary disclosed information for the year ended December 31, 2013 for being the comparative information in the financial statements for the year ended December 31, 2014 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

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

Significant intercompany transactions between the Company and its subsidiary have been eliminated in the preparation of the consolidated financial statements.

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 of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Use of Estimates

In order to prepare financial statements in conformity with the Thai accounting standards and 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.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Significant estimates and underlying assumptions used in the preparation of these financial statements which may be affected by uncertainty are information relating to the estimates and assumptions as disclosed in significant accounting policies in respect of trade receivables, inventories, property, plant and equipment, intangible assets, provisions, employee benefits, and the information as disclosed in Notes 14, 22, and 25.

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

Trade Receivables, Other Receivables, and Allowance for Doubtful Accounts

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

The Company and its subsidiary provide an 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 ordinary course of business less necessary costs to sell.

The Company and its subsidiaries determine 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 SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Investment in Available-for-Sale Securities

Marketable equity securities are classified as available-for-sale investments. Subsequent to initial recognition, available-for-sale investments are stated at fair value, and changes therein, other than impairment losses, are recognized as a separate item in shareholders' equity. Impairment losses are recognized in profit or loss for the year. When investments are derecognized, the cumulative gain or loss previously recognized in shareholders' equity is recognized in the profit or loss for the year. Fair value of available-for-sale securities is determined as the quoted bid price or net asset value (in case of mutual fund) at the reporting date. 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 value of the total holding of the investment.

Investment in Subsidiary

Investment in subsidiary in the separate financial statements is accounted for using the cost method and stated at cost net of allowance for impairment (if any).

Investment in Held-to-Maturity Debt Securities

Debt securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity debt securities in the statement of financial position. The Company accounts for this investment at the amortized cost net of allowance for impairment (if any).

Property, Plant and Equipment

Land is stated at cost net of allowance for impairment (if any). Other fixed assets except as described in the following paragraphs, 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.

Buildings and machinery are stated at the revalued amounts (by independent appraisers) net of accumulated depreciation and allowance for impairment (if any). The revaluation surplus in buildings and machinery is shown as "Asset revaluation surplus" with the corresponding separate accounts under "Shareholders' Equity" in the statement of financial position. When these 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 whereby the corresponding revaluation surplus in assets is directly transferred to retained earnings.

The Company and subsidiary have a policy to reappraise the appraised assets whenever the fair values of such assets materially change from their carrying values or every period of five years.

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:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

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

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 3 years.

Decoration Costs of Showrooms

Decoration costs of showrooms presented as non-current assets in the statement of financial position at cost net of accumulated amortization and allowance for impairment (if any). Amortization of decoration costs of showrooms is made over the term of the space lease agreements of 3 years.

Impairment of Assets

The carrying amounts of the assets of the Company and its subsidiary 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 net selling price or value in use). 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 Company and its subsidiary recognize the impairment loss by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statements of comprehensive income or reducing the revaluation surplus in assets if those assets were previously revalued. The reversal of the recognized impairment losses are recorded as part of other income or as a revaluation surplus in assets when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

Trade and Other Payables

Trade and other payables are stated at cost.

Finance Lease

Leases or hire purchases of assets which the lessee is transferred all the risks and rewards of ownership and that the lessee intends to exercise the option of the leases to purchase the assets at the expiration of the lease term are classified as finance leases. Finance leases are capitalized for asset and liability at the inception of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased assets. Each lease payment is allocated between the liability and finance charges so as to achieve an effective rate on the finance balance outstanding.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

The Company and its subsidiary account for gain on sales and finance leaseback of asset (selling price is greater than carrying value) as deferred item presented under non-current liabilities in the statement of financial position and recognized as other income in the statement of comprehensive income by the straight-line basis over the lease term. Loss on sales and finance leaseback is immediately recognized as expense in the statement of comprehensive income.

Operating Lease

Leases of assets which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on the straight-line basis over the lease term.

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 by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, interest cost, past service cost, and actuarial gain/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 retained earnings.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

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.

Sales are recognized net of discounts when delivery has taken place and transfer of risks and rewards of ownership to the buyer has been completed.

Service income is recognized when the Company has completely rendered service to the customer and on an accrual basis.

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

Rental and other income is recognized on an accrual basis.

Expense Recognition

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.

Foreign Currency Transactions

Transactions in foreign currencies are translated and recorded in Thai Baht at the exchange rates prevailing at the dates of the transactions. The outstanding balances of assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the exchange rates prevailing at those dates. Gains or losses on translation are credited or charged to current operations.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the operating activities. Derivative financial instruments are not used for any trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized in the statement of comprehensive income.

The fair value of derivative financial instruments is their quoted market price at the statement of financial position date, being the present value of the quoted derivative price.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods (if any).

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 (see Notes 22 and 23).

4. 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:

<u>Name of Companies</u>	<u>Type of business</u>	<u>Type of relationship</u>
VV-Décor Co., Ltd.	Sales of laminating papers and furniture-decorating supplies	Subsidiary
East Cost Design Co., Ltd.	Manufacturing and sales of furniture	Co-directors & shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors & shareholders
V-Chat Décor Co., Ltd.	Manufacturing and sales of laminating papers	Co-directors & shareholders
V-Chat Industry Co., Ltd.	Manufacturing and sales of dried sawn lumbers	Co-directors & shareholders
Index Living Mall Co., Ltd.	Sales of furniture	Director's spouse
Index Interfurn Co., Ltd.	Manufacturing and sales of furniture	Director's spouse
Khun Wallop Suksawad	-	Shareholder & director
Khun Varaporn Suksawad	-	Shareholder & director

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Name of Companies	Type of business	Type of relationship
Khun Chalee Suksawad	-	Shareholder & director
Khun Arak Suksawad	-	Shareholder & director
Khun Tippawan Suksawad	-	Shareholder & director

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing policies
Sales of products	Prices approximated market prices
Purchases of raw material	Prices approximated market prices
Showroom rental and service charges	Mutually agreed price
Decoration costs of showrooms	Mutually agreed price
Key management's remunerations	Mutually agreed amount

Significant transactions with related parties for the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Sales of products				
Subsidiary	-	-	9,138	16,934
Related companies	30,308	27,936	30,308	27,936
Total	30,308	27,936	39,446	44,870
Purchase of raw material				
Related company	1,082	1,244	1,082	1,244
Showroom rental and service charges				
Related company	13,440	14,958	13,440	14,958
Decoration costs of showrooms (recorded as other non-current assets and amortized over the related lease terms)				
Related company	905	-	905	-
Key management's remunerations				
Short-term benefits	18,940	17,525	18,940	17,525
Post-employment benefits	220	89	220	89
Total	19,160	17,614	19,160	17,614

Significant outstanding balances with related parties as at December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Trade receivables				
Subsidiary	-	-	3,649	5,801
Related companies	8,634	10,275	8,634	10,275
Total	8,634	10,275	12,283	16,076

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Deposits / guarantees on rental and services for showrooms				
Related company	2,985	3,180	2,985	3,180
Trade payables				
Related company	-	193	-	193
Other payables				
Related companies	2,104	1,384	2,104	1,384

5. TRADE RECEIVABLES

As at December 31, 2014 and 2013, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<i>Related companies</i>				
Current	5,525	7,713	7,429	11,334
Not over 3 months	3,109	2,562	4,854	4,742
Total	8,634	10,275	12,283	16,076

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<i>Other companies - net</i>				
Current	111,511	116,973	110,399	115,430
Not over 3 months	33,248	39,115	32,507	35,243
Over 3 months - 6 months	1,962	1,359	1,611	730
Over 6 months - 12 months	1,836	655	230	161
Over 12 months	437	7	165	7
Total	148,994	158,109	144,912	151,571
Less Allowance for doubtful accounts	(2,129)	-	(712)	-
Net	146,865	158,109	144,200	151,571

As at December 31, 2014 and 2013, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 59.2 million and Baht 60.6 million, respectively, with two local financial institutions (under credit facilities totalling Baht 115 million and Baht 86 million, respectively) whereby such financial institutions can take the recourse action on the Company amounting to approximately Baht 41.2 million and Baht 43.1 million, respectively. The Company presented such amounts of obligation under the recourse action as "Factoring payables" in the statements of financial position.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

6. INVENTORIES - NET

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
Finished goods	157,061	142,931
Work-in-process	217,130	81,609
Raw materials	27,213	29,783
Factory supplies	31,342	38,051
Inventories in transit	-	194
Total	432,746	292,568
Less Allowance for diminution in value	(12,760)	(4,021)
Net	419,986	288,547

As at December 31, 2014 and 2013, the carrying amount (before deducting the allowance for diminution in value of obsolete and slow-moving items) of inventories carried at net realizable value amounting to approximately Baht 39.5 million and Baht 28.7 million, respectively. The written-down amount of cost to net realizable value which was recognized as expense in the statements of comprehensive income for the years ended December 31, 2014 and 2013 amounting to approximately Baht 9.6 million and Baht 6.1 million, respectively.

7. RESTRICTED DEPOSITS AT BANK

As at December 31, 2014, the Company has collateralized its fixed deposits with a local bank totalling Baht 30 million as guarantees for its packing credit facilities with such bank.

8. INVESTMENT IN SUBSIDIARY ACCOUNTED FOR USING THE COST METHOD

	The Company Only					
	Authorized Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2014	2013	2014	2013	2014	2013
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000

During 2014 and 2013, the subsidiary did not declare any dividends to the shareholders.

9. INVESTMENT IN HELD-TO-MATURITY DEBT SECURITIES

This account was investment in the non-marketable subordinated debentures of two local banks with that will mature in 2022 whereby the banks have an option to early redeem these debentures after the period of five years. These debentures annually pay interest at 4.5% p.a. and 4.375% p.a. The Company has intent to hold these debentures until their maturities or, at least, when the banks early redeem the debentures. The Company purchased these debentures in May and December 2012 at cost equivalent to the face value.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

10. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated and The Company Only (In Thousand Baht)				Balance as at December 31, 2014
	Balance as at December 31, 2013	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	-	-	-	8,448
Building	116,972	-	-	-	116,972
Building improvement	38,958	40	-	586	39,584
Machinery and equipment	292,884	13,730	9,852	2,974	299,736
Electric system	2,183	-	-	13	2,196
Furniture, fixtures and office equipment	5,781	2,646	73	19	8,373
Vehicle	62,055	3,477	4,359	-	61,173
Utilities	3,882	15	-	-	3,897
Construction in progress and machinery under installation	886	19,777	-	(3,592)	17,071
Total Cost	628,685	39,685	14,284	-	654,086
Accumulated Depreciation					
Land improvement	3,172	1,494	-	321	4,987
Building	20,752	5,985	-	(321)	26,416
Building improvement	4,056	2,116	-	-	6,172
Machinery and equipment	172,233	24,070	253	-	196,050
Electric system	1,387	209	-	-	1,596
Furniture, fixtures and office equipment	2,465	1,212	73	-	3,604
Vehicle	34,694	8,147	2,784	-	40,057
Utilities	1,427	780	-	-	2,207
Total Accumulated Depreciation	240,186	44,013	3,110	-	281,089
Net	388,499				372,997

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

	Consolidated and The Company Only (In Thousand Baht)				Balance as at December 31, 2013
	Balance as at December 31, 2012	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	88,731	7,905	-	-	96,636
Land improvement	8,448	-	-	-	8,448
Building	116,972	-	-	-	116,972
Building improvement	37,597	254	-	1,107	38,958
Machinery and equipment	272,602	14,729	7,922	13,475	292,884
Electric system	1,658	401	-	124	2,183
Furniture, fixtures and office equipment	4,395	1,443	57	-	5,781
Vehicle	56,097	5,958	-	-	62,055
Utilities	3,882	-	-	-	3,882
Construction in progress and machinery under installation	-	15,638	-	(14,752)	886
Total Cost	590,382	46,328	7,979	(46)	628,685
Accumulated Depreciation					
Land improvement	1,641	1,531	-	-	3,172
Building	14,815	5,937	-	-	20,752
Building improvement	2,011	2,045	-	-	4,056
Machinery and equipment	146,713	25,642	122	-	172,233
Electric system	1,274	113	-	-	1,387
Furniture, fixtures and office equipment	1,632	871	38	-	2,465
Vehicle	26,211	8,483	-	-	34,694
Utilities	651	776	-	-	1,427
Total Accumulated Depreciation	194,948	45,398	160	-	240,186
Net	395,434				388,499

Starting from 2011, the Company has adopted the appraisal value, which is the revaluation model, for measurement of building and machinery in order to recognize the significant changes in fair values of assets as compared to carrying values. Cost approach is used in the appraisal of building while market approach is used in the appraisal of machinery.

In March and July 2011, the Company's building and machinery, including those purchased from related companies in 2010 and 2011, were appraised by independent appraisers, i.e. Brooke Real Estate Co., Ltd. and Sims Property Consultants Co., Ltd., with their reports dated during March to August 2011 reporting the appraisal values totalling approximately Baht 218.0 million and Baht 150.0 million, respectively. As a result of the appraisals, carrying values of building and machinery increased by approximately Baht 170.6 million and Baht 104.1 million, respectively. The Company accounted for the increase in carrying values of the assets as "Asset revaluation surplus" which is presented as part of non-current assets and a corresponding account in other components of equity' (net of deferred tax) in the statement of financial position.

The revaluation surplus is not available for dividend distribution.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Asset revaluation surplus as at December 31, 2014 and 2013 and movements during the years ended December 31, 2014 and 2013 (before deducting the effect from deferred tax liabilities) are as follows:

Consolidated and The Company Only (In Thousand Baht)					
	Balance as at	Movements During the Year			Balance as at
	December 31, 2013	Addition	Deduction	Depreciation	December 31, 2014
Building	149,131	-	-	(8,531)	140,600
Machinery	57,361	-	-	(14,382)	42,979
Total	206,492	-	-	(22,913)	183,579

Consolidated and The Company Only (In Thousand Baht)					
	Balance as at	Movements During the Year			Balance as at
	December 31, 2012	Addition	Deduction	Depreciation	December 31, 2013
Building	157,662	-	-	(8,531)	149,131
Machinery	71,755	-	(11)	(14,383)	57,361
Total	229,417	-	(11)	(22,914)	206,492

As at December 31, 2014 and 2013, the Company's partial land, buildings, machinery and equipment of which carrying values totalling approximately Baht 293.0 million and Baht 322.1 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 12 and 15.

As at December 31, 2014 and 2013, the Company's machinery and equipment, and vehicles of which carrying values totalling approximately Baht 32.7 million and Baht 35.4 million, respectively, were under the obligations and conditions of hire purchase and finance lease agreements as discussed in Notes 16.

As at December 31, 2014 and 2013, the cost of plant and equipment of the Company which have been fully depreciated but still in use amounting to approximately Baht 142.6 million and 130.5 million, respectively.

Depreciation of plant and equipment for the years ended December 31, 2014 and 2013 amounted to approximately Baht 66.9 million and Baht 68.3 million, respectively. The aforesaid depreciation for each of the year included the depreciation on revaluation surplus of building and machinery totalling approximately Baht 22.9 million.

11. INTANGIBLE ASSETS - NET

Consolidated and The Company Only (In Thousand Baht)					
	Balance as at	Movements During the Year			Balance as at
	December 31, 2013	Addition	Deduction	Depreciation	December 31, 2014
Cost	6,317	1,898	-	-	8,215
Accumulated amortization	(2,305)	(1,492)	-	-	(3,797)
Net	4,012	406	-	-	4,418

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

	Consolidated and The Company Only (In Thousand Baht)				Balance as at December 31, 2013
	Balance as at December 31, 2012	Movements During the Year			
		Addition	Deduction	Depreciation	
Cost	5,027	1,290	-	-	6,317
Accumulated amortization	(1,230)	(1,075)	-	-	(2,305)
Net	3,797	215	-	-	4,012

Amortization for the years ended December 31, 2014 and 2013 amounted to approximately Baht 1.5 million and Baht 1.1 million, respectively, which was presented as part of “Administrative expenses” in the statements of comprehensive income.

12. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
Bank overdrafts	22,702	25,422
Loans under packing credits	216,360	213,244
Loans under promissory notes	90,000	112,000
Loans under trust receipt agreements	1,923	1,960
Total	330,985	352,626

As at December 31, 2014 and 2013, the Company had overdraft lines with two local banks totalling Baht 50 million and Baht 60 million, respectively, which bear interest at Minimum Overdraft Rate.

As at December 31, 2014 and 2013, the Company had packing credit facilities with two local banks totalling Baht 250 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

As at December 31, 2014, the Company had promissory note facilities with a local bank and a local securities company totalling Baht 190 million which bear interest at 1.0% p.a. lower than Minimum Overdraft Rate and as at December 31, 2013, the Company had promissory note facilities with two local banks totalling Baht 112 million which bear interest at 0.5% p.a. lower than Minimum Overdraft Rate.

As at December 31, 2014 and 2013, the Company had trust receipt facilities with a local bank amounting to Baht 10 million and Baht 13 million, respectively, which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

The above credit facilities are guaranteed by certain directors of the Company and their land and fixed deposits, the Company’s fixed deposits as discussed in Notes 7 and the Company’s land, buildings, and machinery / equipment as discussed in Note 10.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Other payables	14,313	23,193	14,313	23,193
Accrued advertising and sales promotion expenses	7,608	7,376	7,608	7,376
Advances from customers	6,362	6,069	6,362	6,069
Accrued salary, wage, and welfares	5,549	3,901	5,549	3,901
Derivative liabilities (see Note 28)	3,289	12,380	3,289	12,380
Accrued electricity	3,174	2,961	3,174	2,961
Accrued interest	1,957	3,142	1,957	3,142
Others	5,911	6,035	5,826	5,996
Total	48,163	65,057	48,078	65,018

14. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Obligations on post-employment benefits which was reassessed and recomputed by the qualified actuary regarding his report dated January 28, 2014. Movements of liability for post-employment benefits for the years ended December 31, 2014 and 2013 are as follows

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
Liability for post-employment benefits as at January 1, 2014	2,968	2,838
Current service cost	232	100
Interest cost	148	30
Past service cost	-	-
Actuarial gain	(67)	-
Expense recognized in the statements of comprehensive income	313	130
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31, 2014	3,281	2,968

Significant assumptions used in the calculation of liability for post-employment benefits as at December 31, 2014 and 2013 are as follows:

Discount rate	4.75% p.a. (4.12% p.a. as at December 31, 2013)
Salary escalation rate	6.15% p.a. (5.13% p.a. as at December 31, 2013)
Employee turnover rate	17% - 39% p.a. (13% - 21% p.a. as at December 31, 2013)
Disability rate	10% of Thai Mortality Table (2008) (not changed from December 31, 2013)
Mortality rate	100% of Thai Mortality Table (2008) (not changed from December 31, 2013)

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

15. REFINANCE OF BORROWINGS AND LONG-TERM BORROWINGS

On December 27, 2013, the Company entered into short-term and long-term loan agreements as well as several other credit facilities agreements with a local bank (new creditor) to settle the liabilities under the credit facilities granted by other local bank (predecessor creditor). Short-term and long-term borrowings with the predecessor creditor as at December 31, 2013 amounting to approximately Baht 183.9 million and Baht 89.8 million, respectively, were entirely repaid, under refinancing, in January 2014 by short-term and long-term borrowings with the new creditor amounting to approximately Baht 145.9 million and Baht 188.0 million, respectively, whereby as at December 31, 2014, such borrowings amounted to approximately Baht 158.1 million and Baht 151.9 million (Loans under 1) and 2) while 3) is an addition of new loan), respectively. In addition, under the terms of agreements relating to such refinance, the Company paid the financial charges to the predecessor and new creditors amounting to approximately Baht 1.9 million and Baht 2.2 million, respectively, which were recorded as expenses in the consolidated and separate statements of comprehensive income for the year ended December 31, 2014.

As at December, long-term borrowings from three local banks in 2014 and two local banks in 2013 comprised of:

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
1) Loans under facilities amount of Baht 108 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	87,279	-
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	64,592	-
3) Loans under facilities amount of Baht 30 million, repayable monthly until September 2017, bear interest at 1.25% p.a. lower than Minimum Loan Rate	29,235	-
4) Loans under facilities amount of Baht 42 million, repayable monthly until September 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	42,000	-
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	10,659	4,136
6) Loans under facilities amount of Baht 40 million, repayable monthly until February 2016, bear interest at 1.25% p.a. lower than Minimum Loan Rate (early settled)	-	17,866
7) Loans under facilities amount of Baht 65 million, repayable monthly until November 2016, bear interest at 1.25% p.a. lower than Minimum Loan Rate (early settled)	-	23,563
8) Loans under facilities amount of Baht 22 million, repayable monthly until December 2016, bear interest at Minimum Loan Rate (early settled)	-	9,139
9) Loans under facilities amount of Baht 55 million, repayable monthly until November 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate (early settled)	-	39,176
Total	233,765	93,880
Less Current portion	(66,965)	(50,197)
Net	166,800	43,683

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

The above loans have guarantees as discussed in Note 10 and 12. 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.

As at December 31, 2013, the Company could not comply with certain covenant of the loans under facilities amount of Baht 40 million. The Company negotiated with the bank and obtained the written waiver of such covenant only for the financial statements for the years 2011 and 2012. Accordingly, the Company presented such loans as part of current portion of long-term borrowings.

16. LIABILITIES UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
Liabilities under hire purchase and finance lease agreements	30,959	32,517
Less Deferred interest	(2,460)	(2,860)
Liabilities under hire purchase and finance lease agreements - net of deferred interest	28,499	29,657
Less Current portion	(10,684)	(11,706)
Net	<u>17,815</u>	<u>17,951</u>

Amortized interest, which was presented as part of "Finance costs" in the statements of comprehensive income for the years 2014 and 2013, amounted to approximately Baht 2.1 million and Baht 1.7 million, respectively.

During the years 2011 to 2014, the Company entered into hire purchase agreements for its vehicles with five local banks and two private companies for the periods of 36 to 60 months whereby such agreements will end during the years 2015 to 2018.

During the years 2012 to 2014, the Company entered into the sales and finance leaseback agreements of machinery and equipment with a local leasing company for a period of 36 to 48 months.

	Consolidated and The Company Only (In Thousand Baht)	
	2014	2013
Deferred gain on sales and finance leaseback	664	491
Less Cumulative recognized amount	(449)	(277)
Net	<u>215</u>	<u>214</u>

Gain on sales and finance leaseback which was recognized as part of "Other income" for the years 2014 and 2013 amounted to approximately Baht 172 thousand and Baht 135 thousand, respectively.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

17. SHARE CAPITAL AND PREMIUM ON SHARES

At the extraordinary shareholders' meeting on October 11, 2012, the shareholders unanimously approved the Company to change the par value of its common share from Baht 100 to Baht 0.25 and its share capital after such change comprises 400,000,000 common shares at Baht 0.25 par value, amounting to Baht 100 million (formerly comprise 1,000,000 common shares at Baht 100 par value, amounting to Baht 100 million). In addition, the shareholders also unanimously approved the Company to increase its authorized share capital from Baht 100 million (divided into 400,000,000 common shares at Baht 0.25 par value) to Baht 130 million (divided into 520,000,000 common shares at Baht 0.25 par value) by issuing new 120,000,000 common shares at Baht 0.25 par value, amounting to Baht 30 million. The Company registered such change in par value of common share and increase in share capital with the Ministry of Commerce on October 18, 2012. Such newly issued 120,000,000 common shares were subsequently offered to the public after the Company was allowed to offer its securities to the public by the Office of Securities and Exchange Commission of Thailand on March 22, 2013 at the price of Baht 1.20 per share and the Market for Alternative Investment issued an order accepting the common shares of the Company as the registered securities on March 26, 2013. As a result of the Company's initial public offering of its common shares in March 2013, the Company received the proceeds of Baht 144 million which was separately recorded as its share capital of Baht 30 million and premium on shares of approximately Baht 105.4 million (net of expenses on offering of common shares totalling approximately Baht 8.6 million which were paid in 2013 and 2012 of approximately Baht 6.6 million and Baht 2.0 million, respectively) as the separate item under "Shareholders' equity" in the statement of financial position.

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires companies 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.

At the extraordinary shareholders' meeting held on July 18, 2014, the shareholders unanimously approved the Company to increase its authorized share capital from Baht 130,000,000 (divided into 520,000,000 common shares at Baht 0.25 par value) to Baht 195,000,000 (divided into 780,000,000 common shares at Baht 0.25 par value) by registration of new 260,000,000 common shares at Baht 0.25 par value, amounting to Baht 65,000,000, which are reserved for the exercise of warrants issued to the existing shareholders (see Note 18). The Company registered this increase in share capital with the Ministry of Commerce on August 8, 2014.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

18. WARRANTS AND EARNINGS PER SHARE

Warrants

At the extraordinary shareholders' meeting held on July 18, 2014, the shareholders unanimously approved the Company to issue and offer 260,000,000 units of free warrants ("ECF-W1") to the existing shareholders on July 30, 2014 for the purchase of incremental shares on the basis of 2 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 per share	Baht 0.50 per share (may be subsequently changed regarding the adjustment provisions of the warrants)
Exercise period	The warrants shall be exercisable after 1 year from the date of issuance of the warrants. The exercise schedules shall be the last business days of May and November of each year until the end the 3 rd year after issuance whereby the first exercise date is November 30, 2015 and the last exercise date is July 28, 2017.
Term of warrants	3 years from the date on which the warrants are issued to the shareholders

On August 15, 2014, the Stock Exchange of Thailand has granted the Company's 260,000,000 units of warrants as the listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since August 18, 2014.

As at December 31, 2014, the entitlement to exercise the warrants has not yet arisen under the terms of the warrants.

Basic earnings per share

Basic earnings per share for the years ended December 31, 2014 and 2013 are determined by dividing profit for the year by the weighted average number of common shares outstanding during the year as follows:

	(In Thousand Baht / In Thousand Shares)			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Profit for the year	<u>69,879</u>	<u>40,790</u>	<u>70,983</u>	<u>40,835</u>
Number of common shares outstanding as at January 1	520,000	400,000	520,000	400,000
Effect from issuance of new common shares for the initial public offering	<u>-</u>	<u>94,356</u>	<u>-</u>	<u>94,356</u>
Basic weighted average number of outstanding common shares	<u>520,000</u>	<u>494,356</u>	<u>520,000</u>	<u>494,356</u>
Basic earnings per share (Baht)	<u>0.134</u>	<u>0.082</u>	<u>0.137</u>	<u>0.082</u>

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2014 and 2013 are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

	(In Thousand Baht / In Thousand Shares)			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Profit for the year	<u>69,879</u>	<u>40,790</u>	<u>70,983</u>	<u>40,835</u>
Basic weighted average number of outstanding common shares	520,000	494,356	520,000	494,356
Effect from the assumed exercise of warrants	<u>92,717</u>	<u>-</u>	<u>92,717</u>	<u>-</u>
Diluted weighted average number of outstanding common shares	<u>612,717</u>	<u>494,356</u>	<u>612,717</u>	<u>494,356</u>
Diluted earnings per share (Baht)	<u>0.114</u>	<u>0.082</u>	<u>0.115</u>	<u>0.082</u>

19. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the public limited companies 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.

20. PAYMENT OF DIVIDENDS AND APPROPRIATION FOR LEGAL RESERVE

At the general shareholders' meeting held on April 8, 2014, the shareholders unanimously approved the Company to (1) pay dividends for the 2013 operations to the shareholders at Baht 0.03 per share (Baht 0.01 per share from the profit of promoted business and Baht 0.02 per share from the profit of non-promoted business) totalling Baht 15.6 million and (2) appropriate the unappropriated retained earnings for legal reserve amounting to Baht 1.5 million. The Company paid such dividends to the shareholders on May 6, 2014.

At the Board of Directors' meeting held on May 9, 2013, the Board of Directors approved the Company to (1) pay interim dividends from unappropriated retained earnings as at December 31, 2012 at Baht 0.0594 per share totalling approximately Baht 30.9 million and (2) appropriate the unappropriated retained earnings for legal reserve amounting to Baht 2.2 million. The Company paid such dividends to the shareholders on June 7, 2013.

In addition, in order to comply with the Public Limited Companies Act B.E. 2535 as discussed in Note 19, the Company appropriated profit for the years 2014 and 2013 for legal reserve amounting to Baht 3.6 million and Baht 3.0 million, respectively.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

21. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Assemblies , raw materials, and supplies used	791,033	752,922	791,033	752,922
Employee expenses	188,002	142,676	187,998	142,651
Depreciation and amortization	69,065	70,526	69,065	70,526
Advertising and sales promotions	53,110	44,540	53,092	44,380
Electricity	34,136	31,837	34,136	31,837
Finance costs	30,948	33,383	30,948	33,383
Freight and transportation charges	26,136	22,097	26,136	22,078
Repair and maintenance expenses	17,880	15,105	17,880	15,104
Showroom rental and service charges	15,580	15,568	15,580	15,568
Fuels	11,509	11,697	11,509	11,680
Loss on diminution in value of inventories	8,740	1,676	8,740	1,676
Loss (gain) on exchange rate	7,356	(5,779)	7,356	(5,779)
Changes in finished goods and work-in-process	(149,651)	(75,508)	(149,651)	(75,541)

22. INCOME TAX

The Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 530 B.E. 2554 (2011) dated December 21, 2011 has provided the temporary reduction in income tax rate applied to juristic company or partnership for a three consecutive accounting periods from 30% to 23% for the first accounting period and 20% for the following two accounting periods. Such reduction in tax rate is effective from the accounting period starting on or after January 1, 2012.

The Company used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2014 and 2013.

In addition, The Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 577 B.E. 2557 (2014) dated November 10, 2014 has provided the reduction in income tax and maintained at the rate 20% applied to juristic company or partnership for an accounting period starting on or after January 1, 2015 but not later than December 31, 2015.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Income tax recorded as expense for the years ended December 31, 2014 and 2013 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Income tax computed from accounting profit regarding the announced income tax rate	16,570	9,199	16,848	9,208
Effects from non-deductible expenses	6,019	6,574	5,734	6,565
Effects from additional deductible expenses	(4,020)	(2,752)	(4,013)	(2,752)
Effects from reduction in income tax rate under investment promotion	(1,864)	(6,642)	(1,864)	(6,642)
Income tax on taxable profit	16,705	6,379	16,705	6,379
Increase in deferred tax assets	(2,237)	(495)	(1,953)	(495)
Decrease in deferred tax liabilities	(1,497)	(681)	(1,497)	(681)
Income tax presented in statement of comprehensive income	12,971	5,203	13,255	5,203

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2014 and 2013 consist of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items or item not yet recognized in accounting *				
- Allowance for diminution in value of inventories	2,552	804	2,552	804
- Allowance for doubtful accounts	426	-	142	-
- Deferred gain on sales and leaseback *	43	43	43	43
- Liability for post-employment benefits	656	593	656	593
Total deferred tax assets	3,677	1,440	3,393	1,440

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items:				
- Revaluation surplus on building - net	5,195	5,511	5,195	5,511
- Revaluation surplus on machinery - net	1,666	2,847	1,666	2,847
Total deferred tax liabilities	6,861	8,358	6,861	8,358

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

23. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges which include among others, exemption from import duty on the imported raw materials and necessary supplies used in the promoted business to (1) exemption 50% from import duty on the imported raw machinery in the promoted business to (2) and (3) exemption from corporate income tax on net profit from the promoted businesses attributable in the extent not exceeding the specified amount in the promotional certificates for a period of three years from the date income was first derived from the promoted businesses and the dates income was first derived from the promoted businesses are as follows:

- (1) Production of printed matter, income was first derived on April 1, 2011.
- (2) manufacture of furniture and parts (rubber wood furniture : chairs) (except those made from restricted trees), income was first derived on August 14, 2014;
- (3) manufacture of furniture and parts (particle board furniture) (except those made from restricted trees), income was first derived on August 14, 2014;

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

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2014 and 2013 are as follows:

	2014 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	147,079	1,061,970	1,209,049
Other income (including unrealized gain on valuation of fair value of derivatives)	1,158	25,115	26,273
Cost of sales	(107,808)	(779,443)	(887,251)
Selling expenses	(10,264)	(98,438)	(108,702)
Administrative expenses (including loss on exchange rate)	(14,955)	(110,616)	(125,571)
Finance costs	(3,711)	(27,237)	(30,948)
Income tax expense	-	(12,971)	(12,971)
Profit for the year	11,499	58,380	69,879

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

	2013 - Consolidated (In Thousand Baht)			Total
	Promoted Business	Partially Promoted Business	Non-Promoted Business	
Net sales	584,527	109,893	478,337	1,172,757
Other income (including unrealized loss on valuation of fair value of derivatives)	(10,784)	23	13,151	2,390
Cost of sales	(451,742)	(84,888)	(369,286)	(905,916)
Selling expenses	(48,967)	(9,183)	(41,652)	(99,802)
Administrative expenses (including gain on exchange rate)	(44,894)	(8,440)	(36,719)	(90,053)
Finance costs	(16,715)	(3,144)	(13,524)	(33,383)
Income tax expense	-	(563)	(4,640)	(5,203)
Profit for the year	11,425	3,698	25,667	40,790

	2014 - The Company Only (In Thousand Baht)		Total
	Promoted Business	Non-Promoted Business	
Net sales	147,079	1,061,631	1,208,710
Other income (including unrealized gain on valuation of fair value of derivatives)	1,158	25,113	26,271
Cost of sales	(107,808)	(779,443)	(887,251)
Selling expenses	(10,264)	(98,322)	(108,586)
Administrative expenses (including loss on exchange rate)	(14,955)	(109,003)	(123,958)
Finance costs	(3,711)	(27,237)	(30,948)
Income tax expense	-	(13,255)	(13,255)
Profit for the year	11,499	59,484	70,983

	2013 - The Company Only (In Thousand Baht)			Total
	Promoted Business	Partially Promoted Business	Non-Promoted Business	
Net sales	584,527	109,893	477,491	1,171,911
Other income (including unrealized loss on valuation of fair value of derivatives)	(10,784)	23	13,136	2,375
Cost of sales	(451,742)	(84,888)	(369,300)	(905,930)
Selling expenses	(48,967)	(9,183)	(40,983)	(99,133)
Administrative expenses (including gain on exchange rate)	(44,894)	(8,440)	(36,468)	(89,802)
Finance costs	(16,715)	(3,144)	(13,524)	(33,383)
Income tax expense	-	(563)	(4,640)	(5,203)
Profit for the year	11,425	3,698	25,712	40,835

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

24. 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 subsidiary 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 subsidiary 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, and furniture-decorating supplies, which are miscellaneous and insignificant. The transfers between segments were accounted for at cost whereby the accounting policies applied to the operating segments of the Company and its subsidiary are similar to those accounting policies discussed in Note 3. In addition, the Company and its subsidiary are unable to apportion the segment information for assets and liabilities without excessive costs.

Information on Products

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Net sales				
- Wood furniture and particle boards	1,137,920	1,119,564	1,137,920	1,119,564
- Other products	71,129	53,193	70,790	52,347
Total	<u>1,209,049</u>	<u>1,172,757</u>	<u>1,208,710</u>	<u>1,171,911</u>
Other income (including unrealized gain/loss on valuation of fair value of derivatives)				
- Wood furniture and particle boards	26,152	(488)	26,152	(488)
- Other products	121	2,878	119	2,863
Total	<u>26,273</u>	<u>2,390</u>	<u>26,271</u>	<u>2,375</u>
Cost of sales				
- Wood furniture and particle boards	796,461	843,835	796,461	843,835
- Other products	90,790	62,081	90,790	62,095
Total	<u>887,251</u>	<u>905,916</u>	<u>887,251</u>	<u>905,930</u>
Other expenses (including gain/loss on exchange rate)				
- Wood furniture and particle boards	253,743	214,788	253,743	214,787
- Other products	11,478	8,450	9,749	7,531
Total	<u>265,221</u>	<u>223,238</u>	<u>263,492</u>	<u>222,318</u>
Profit (loss) before income tax expense				
- Wood furniture and particle boards	113,868	60,453	113,868	60,453
- Other products	(31,018)	(14,460)	(29,630)	(14,415)
Net	<u>82,850</u>	<u>45,993</u>	<u>84,238</u>	<u>46,038</u>

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Information on Geographic Areas (that can be reasonably apportioned)

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Export sales - net				
- Japan	619,326	682,169	619,326	682,169
- Bahrain	58,472	26,209	58,472	26,209
- United States of America	32,401	14,776	32,401	14,776
- Chile	7,080	1,753	7,080	1,753
- Taiwan	7,023	8,184	7,023	8,184
- Philippine	6,251	-	6,251	-
- India	3,409	2,237	3,409	2,237
- Singapore	2,514	2,571	2,514	2,571
- Other countries	5,058	2,331	5,058	2,331
Total	741,534	740,230	741,534	740,230
Domestic sales - net	467,515	432,527	467,176	431,681
Total sales - net	1,209,049	1,172,757	1,208,710	1,171,911

The Company and its subsidiary have no any non-current assets located in the countries other than Thailand.

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		The Company Only	
	2014	2013	2014	2013
Net sales				
- Wood furniture and particle boards	42.64	49.05	42.64	49.05
- Other products	-	-	-	-
Net sales				
- Export	48.40	54.52	48.40	54.52
- Domestic	24.64	33.66	24.66	33.73
- Total	39.21	46.83	39.22	46.86

25. DISCLOSURE OF FINANCIAL INSTRUMENTS

Liquidity Risk

The Company and its subsidiary monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the operations and to mitigate the effects of fluctuations in cash flows.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To manage this risk, the Company and its subsidiary periodically assess the financial viability of customers.

The carrying amount of receivables recorded in the statement of financial position is the maximum exposure to credit risk.

Foreign Currency Risk

The Company has significant business transactions internationally, including import of merchandises and raw materials and export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. The Company practically reduces this risk by matching the cash receipt from its customers (receivables) against the cash paid to its suppliers (payables). In addition, the Company has started using forward exchange contracts to mitigate this risk since 2009 (see Note 28).

As at December 31, 2014 and 2013, significant outstanding non-hedged foreign currency assets and liabilities are as follows:

	Foreign Currency Assets		Foreign Currency Liabilities	
	2014	2013	2014	2013
Thousand U.S. Dollar	778	-	79	618

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 of the Company. The Company's management believes that the interest rate risk is minimal because the Company's bank overdrafts and short-term / long-term borrowings from financial institutions bear interest at the floating market interest rates.

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The fair values are obtained from quoted market prices or discounted cash flow models.

The following methods and assumptions are used by the Company and its subsidiary to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, restricted deposits at bank, trade and other receivables, bank overdrafts, short-term borrowings from financial institutions, trade and other payables; the carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

Investment in held-to-maturity debt securities which is stated at amortized cost and liability for post-employment benefits; the carrying amounts approximate their fair values.

Long-term borrowings from banks bear interest at the floating market interest rates of which the carrying amount approximate the fair value.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

Investment in subsidiary and liabilities under hire purchase and finance lease agreements are not practicable to be estimated the proper fair value without incurring the excessive costs.

26. CAPITAL MANAGEMENT

Significant objectives of the Company's and its subsidiary's capital management are to ensure that it has an appropriate financial structure and maintain the ability to continue their businesses as a going concern.

As at December 31, 2014 and 2013, Debt-to-Equity ratio (both Consolidated and the Company only) was 2.10 : 1.00 and 2.17 : 1.00, respectively.

27. REGISTERED PROVIDENT FUND

During 2012, 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 to operations for the years 2014 and 2013, amounted to approximately Baht 0.9 million and Baht 0.8 million, respectively.

28. OTHERS

As at December 31, 2014, the Company had:

- a. Commitments on space lease and service agreements for its branch offices with the terms of 1 to 3 years. Under the terms of such agreements, the Company is committed to pay annual lease and service fees totalling approximately Baht 14.8 million. In addition, the Company has paid deposits and guarantees under such agreements to the lessor amounting to approximately 4.0 million which were presented as part of "Deposits and guarantees" in the statement of financial position
- b. Letters of guarantee issued by two local banks to a private company and a government agency totalling approximately Baht 4.0 million;
- c. Unused letters of credit with two local banks totalling approximately Baht 3.0 million;
- d. Forward exchange contracts (sell) with a local bank totalling approximately U.S. Dollar 1.0 million, equivalent to Baht currency of approximately Baht 29.1 million (fair value of approximately Baht 32.4 million). Such forward exchange contracts (sell) have maturity periods in April 2015;
- e. An agreement, dated September 11, 2014, appointing two local companies as the Company's financial advisors whereby such companies shall provide advisory services relating to the plans for reorganization of the Company and group of companies, increase in share capital, establishment of a holding company or new subsidiary (see Note 29) as well as issuance and being underwriter for the initial public offering of common shares of such subsidiary for registration in the stock exchange in the future. Under the terms of such agreement, the Company has agreed to pay the advisory fees at the amounts specified in the agreement. The services of such advisory companies will end upon completion of rendering the advisory services under the scopes and extents of services specified in this agreement; and

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
Notes to Financial Statements (Continued)
December 31, 2014 and 2013

- f. Memorandum of Understanding (“MOU”), dated September 18, 2014, with Gunkul Engineering Public Company Limited (“GUNKUL”) for cooperation in the PV solar rooftop power plant project. The Company and GUNKUL has agreed to establish a company to carry out the development of PV solar rooftop power plant project with the investment proportion of 74.99% : 25.01%, respectively. The Company shall be responsible for procurement of leasehold right or the right to use the rooftop spaces to install the PV solar panels for being the electricity generator and seller as well as operational management and seeking for sources of fund. GUNKUL shall be responsible for procurement of and services on equipment and construction of the PV solar rooftop power plant project in order to achieve the commercial operations in accordance with the terms of the Power Purchase Agreements (“PPAs”) in the future as well as the management and maintenance services for the project. Under cooperation of the aforesaid project, both parties have their duties, as the electricity generator and seller, to acquire for the PPAs from either the Provincial Electricity Authority (“PEA”) or the Metropolitan Electricity Authority (“MEA”). As at December 31, 2014, the Company has not started any significant actions or steps with respect of this project.

29. EVENTS AFTER THE REPORTING PERIOD

- a. On February 23, 2015, the Company registered the establishment of another subsidiary in form of a holding company, i.e. ECF Holdings Company Limited, with the authorized share capital of Baht 1.0 million whereby the Company invested in such company at the proportion of 51% while the rest of 49% is invested by three individuals who are non-related persons to the Company. The Company’s investment in such subsidiary was approved by the Board of Directors’ meeting held on October 31, 2014.
- b. At the Board of Directors’ meeting held on February 27, 2015, the Board of Directors approved (1) the Company to pay dividends for the operations for the year 2014 at Baht 0.069 per share totalling approximately Baht 35.88 million to the shareholders and has fixed the date for payment of such dividends on May 12, 2015, (2) appropriation of profit for legal reserve for the year 2014 totalling Baht 5.1 million, and (3) establishment of subsidiary in Japan through the indirect shareholding whereby such subsidiary will be engaged in manufacturing and sales of electricity generated from the solar power.
- c. On February 27, 2015, the Company entered into a license agreement with a local company who is the authorized representative of the licensor in abroad. Under the terms of such agreement, the Company has the right to use the images and pictures of the products and properties of the licensor for manufacturing the Company’s products for sales in domestic markets through the channels specified in such agreement. The Company is committed to pay the license and royalty fees at the rates specified in the agreement and the term of this agreement will end in March 2017.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved to be issued by the Audit Committee’s meeting of the Company on February 27, 2015.

Details of Director, Executives and Company Secretary

Details of Director, Executive and Company Secretary

1. Information of Director, Executive and Company Secretary

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
1.	General Terdsak Marom - Chairman of the Board - Audit Committee Member (Old Name-Surname) - None – Appointment date as director on 8 April 2014	78	- <u>Bachelor of Science (B.S.)</u> Chulachomklao Royal Military Academy (CRMA) - <u>Command and General Staff</u> <u>College</u> - <u>Royal Thai Army War College</u> - <u>Course of Law for High-Level</u> <u>Commander</u> Ministry of Defence - <u>National Defence College</u> - <u>Certificate of</u> Director Accreditation Program (DAP), Batch 10/2004, Thai Institute of Directors (IOD)	None	- No change in shareholding proportion when compared between the years	2012 - Present 2004 - Present Present Present 2004 - Present 1986 - Present 1997 - Present	- Chairman of the Boards / Audit Committee East Coast Furnitech Pcl. (Listed Company) - Chairman of the Board T. Krung Thai Industry Pcl. (Listed Company) - Advisory Chairman Data Products Topping Form Co., Ltd. (Non-Listed Company) - Advisory Chairman E-Tech Co., Ltd. (Non-Listed Company) - Chairman of Vietnam Veteran Association Under the Royal Patronage of His Majesty the King - Special Military Officer Stationed at 21st Infantry Regiment - Special Royal Bodyguard	- Manufacturer and Distributor of Furniture - Manufacturer and Service Provider of Mold Design for Plastic Part Manufacture - Distributor and Service Provider of IT Products - Service Provider of Wastewater Treatment

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
2.	Mr. Wanlop Suksawad - Director - Chief Executive Officer (Old Name-Surname) - None – Directorship Appointment Date 12 March 2013	73	- <u>Elementary Education Grade 4</u> Wat Huay Sarn Salika School - <u>Certificate</u> (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)	The spouse of Mrs. Waraporn and the father of Mr. Chalee / Mr. Arak / Miss Tippawan	15.3908% 18.0815% (including spouse) No change in shareholding proportion when compared between the years	1999 - Present	- Director / Chief Executive Officer East Coast Furnitech Pcl. East Coast Furnitech Pcl. <i>No position holding in other businesses both of listed and non-listed companies</i>	- Manufacturer and Distributor of Furniture
3.	Mrs. Waraporn Suksawad - Director (Old Name-Surname) Miss Buklung Sae Low Directorship Appointment Date 12 March 2013	72	- No educational qualification - <u>Certificate</u> (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)	The spouse of Mr. Wanlop and the mother of Mr. Chalee / Mr. Arak / Miss Tippawan	2.6907% 18.0815% (including spouse) No change in shareholding proportion when compared between the years	1999 – Present	- Director East Coast Furnitech Pcl. <i>No position holding in other businesses both of listed and non-listed companies</i>	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
4.	Mr. Chalee Suksawad - Vice Chairman of the Board - Executive Director (Old Name-Surname) - None – Directorship Appointment Date 12 March 2013	47	- <u>Bachelor's Degree</u> Bachelor of Economics University of the Thai Chamber of Commerce - <u>Certificate</u> (DAP) Batch 94/2012, Thai Institute of Directors (IOD)	The son of Mr. Wanlop and Mrs. Waraporn, and the elder brother of Mr. Arak / Miss Tippawan	15.3828% 15.3831% (including spouse and immature children) No change in shareholding proportion when compared between the years	1999 - Present	- Vice Chairman of the Board / Executive Director East Coast Furnitech Pcl. <i>No position holding in other businesses both of listed company and non-listed company</i>	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
5.	Mr. Arak Suksawad - Director - Executive Director - Managing Director - Director of Sales and Marketing Department (Acting) (Old Name-Surname) - None – Directorship Appointment Date 8 April 2014	44	- <u>Master's Degree</u> Master of Economics Ramkhamhaeng University - <u>Bachelor's Degree</u> Bachelor of Economics in Monetary Economics Program Ramkhamhaeng University - <u>Certificate</u> (DAP) Batch No. 95/2012, Thai Institute of Directors (IOD)	The son of Mr. Wanlop and Mrs. Waraporn, and the younger brother of Mr. Chalee / the elder brother of Miss Tippawan	15.3828% No change in shareholding proportion when compared between the years	1999 - Present	- Director / Executive Director / Managing Director / Director of Sales and Marketing Department (Acting) East Coast Furnitech Pcl. <i>No position holding in other businesses both of listed and non-listed company</i>	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
6.	Miss Tippawan Suksawad - Director - Executive Director - Deputy Managing Director (Old Name-Surname) - None – Directorship Appointment Date 8 April 2014	41	- <u>Bachelor's Degree</u> Bachelor of Accountancy, Bangkok University - <u>Certificate</u> (DAP) Batch No. 94/2012, Thai Institute of Directors (IOD)	The daughter of Mr. Wanlop and Mrs. Waraporn, and the young sister of Mr. Chalee / Mr. Arak	15.3828% 15.3832% (including spouse and immature children) No change in shareholding proportion when compared between the years	1999 – Present	- Director / Executive Director / Deputy Managing Director Company Secretary East Coast Furnitech Pcl. <i>No position holding in other businesses both of listed and non-listed company</i>	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
7.	Assoc. Prof. Dr. Montri Socratyanurak - Chairman of Audit Committee - Director (Old Name-Surname) - None – Directorship Appointment Date 25 September 2012	57	- <u>Doctor's Degree</u> Public and Monetary Economics UNIVERSITY OF MINNESOTA, U.S.A. - <u>Master's Degree</u> Master of Arts (Economics) University of Minnesota, U.S.A. - <u>Master's Degree</u> Master of Development Administration (Development Economics) National Institute of Development Administration - <u>Bachelor's Degree</u> Bachelor of Economics (Economics) Thammasat University - <u>Certificate</u> (DAP), Batch No. 69/2008, Thai Institute of Directors (IOD)	None	- No change in shareholding proportion when compared between the years	2012 - Present 2013 - Present Present Present Present Present	- Chairman of Audit Committee/Director East Coast Furnitech Pcl. (Listed Company) - Chairman of the Board Ocean Commerce Pcl. (Listed Company) - Audit Committee / Independent Director Union Auction Pcl. (Listed Company) - Director Learn Tech Co., Ltd. (Non-Listed Company) - Chairman of the Board SPC Precious Metal Co., Ltd. (Non-Listed Company) - Chairman of Audit Committee / Chairman of the Board TV Thunder Co., Ltd. (Non-Listed Company)	- Manufacturer and Distributor of Furniture - Manufacturer and Distributor of Faucet - Service Business as Intermediary in Asset Auction Management - Provider of Integrated Instruction Media Development and Training Service (e-Learning Total Solution) - Integrated Distributor of Precious Metal - Producer of Telephone Program

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
8.	Assoc.Prof. Songkhlod Jarusombuti - Director - Audit Committee (Old Name-Surname) - None – Directorship Appointment Date 25 September 2012	50	- <u>Master's Degree</u> Master of Science Faculty of Forestry Kasetsart University - <u>Bachelor's Degree</u> Bachelor of Science Faculty of Forestry Kasetsart University - <u>Certificate</u> (DAP), Batch 99/2012, Thai Institute of Directors (IOD)	None	- No change in shareholding proportion when compared between the years	2012 - Present 1996 - Present	- Director / Audit Committee East Coast Furnitech Pcl. - Associate Dean for Academics Development and Planning, Faculty of Forestry Kasetsart University - Director of Center of Excellence for Academics in Hevea - Specialist of Industrial Technology Assistant Program (iTAP), National Science and Technology Development Agency - Advisor of Thai Furniture Industries Association - Advisor of Thai Hevea Wood Association <i>No position holding in other businesses both of listed and non-listed companies</i>	- Manufacturer and Distributor of Furniture - Educational Institution

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
9.	Mrs. Suphak Suksawad - Assistant Managing Director (Branch Part) (Old Name-Surname) Miss Nittaya Toepongarnan	42	- <u>Bachelor's Degree</u> Bachelor of Economics Dhurakij Pundit University	The spouse of Mr. Chalee	0.0001% 15.3831% (including spouse and immature children) No change in shareholding proportion when compared between the years	2003 – Present	- Assistant to Deputy Managing Director (Branch Part) East Coast Furnitech Pcl.	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
10.	Mr. Sitthichoke Chinnurat - Assistant Managing Director (Headquarter Part) (Old Name-Surname) - None -	42	- <u>Bachelor's Degree</u> Bachelor of Laws Ramkhamhaeng University	The spouse of Miss Tippawan	0.0001% 15.3832% (including spouse and immature children) No change in shareholding proportion when compared between the years	1999 – Present	- Assistant to Deputy Managing Director (Headquarter Part) East Coast Furnitech Pcl.	- Manufacturer and Distributor of Furniture
11.	Miss Pachanan Singphu - Director of Finance and Accounting Department (Old Name-Surname) Miss Namthip Singphu	38	- <u>Bachelor's Degree</u> Bachelor of Accountancy Rambhai Barni Rajabhat University	None	0.0001% No change in shareholding proportion when compared between the years	1999 – Present	- Director of Finance and Accounting Department East Coast Furnitech Pcl.	- Manufacturer and Distributor of Furniture

No.	Name List/Position	Age (Years)	Educational Qualification	Family Relationship Between Executive	Proportion of Shareholding in the Company (%)	Work Experience in Retrospective 5 Years Period		
						Period	Position and Name of Work Unit/Company	Type of Business
12.	Mr. Racha Pojariya - Director of Headquarter Plant (Old Name-Surname) - None -	45	- Bachelor of Business Administration, Ramkhamhaeng University	None	None No change in shareholding proportion when compared between the years	2010 - Present	- Director of Headquarter Plant East Coast Furnitech Pcl.	- Manufacturer and Distributor of Furniture
13.	Mr. Atthapol Thanapol - Director of Branch 1 Plant (Old Name-Surname) Mr. Atthapol Pholhar	44	- <u>High School Education Grade 12</u> Assumption College Sriracha	None	0.0001% No change in shareholding proportion when compared between the years	2008 – Present	- Director of Branch 1 Plant East Coast Furnitech Pcl.	- Manufacturer and Distributor of Furniture

2. Responsibility of Company Secretary

Miss Tippawan Suksawad, holding Company Secretary position according to Section 89/15 of Securities and Exchange Act B.E. 2535 (1992) and added by Securities and Exchange Act (Issue No. 2) B.E. 2008 (2008) to perform the duty pursuant to the following scope and responsibility.

1. Primarily advise the director to be informed about legal provisions, the Company's rules and regulations, and monitor for regular and accurate compliance as well as report of significant change to director.
2. Coordinate between the director and management to oversee and coordinate relevant laws and rules.
3. Hold the Shareholders' Meeting and the Board of Directors' Meeting to be in line with laws, articles of association, and code of conduct.
4. Record the Shareholders' Meeting Minutes and the Board of Director's Meeting Minutes as well as monitor for compliance with the resolution of the Shareholders' Meeting and the Board of Directors' Meeting.
5. Oversee to disclose information and report information in part relating to rule and requirement of the Office of SEC and the Stock Exchange of Thailand.
6. Being the contact person with other relevant agencies such The Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and Thailand Securities Depository Company Limited (TSD).
7. Prepare and keep following documents.
 - Director Register
 - Invitation to Meeting and the Board of Directors' Meeting Minutes
 - Invitation to Meeting and the Shareholders' Meeting Minutes
 - Report of the Company's Sharebrokerage by Director and Executive
 - Report of Interest Informed by the Company's Director and Executive
 - Annual Report
 - Annual Registration Statement Form (Form 56-1)
8. Other operations as announced and stipulated by Board of Directors and Capital Market Supervisory Board.

However, in case that Company Secretary retires or may not perform the duty, the Board of Directors is assigned to appoint the new Company Secretary within 90 days from the date that the Old Company Secretary retires or may not perform duty. The Board of Directors has authority to assign any director to perform duty in replacement in such period of time.



บริษัท อีสต์โคสต์เฟอร์นิเทค จำกัด (มหาชน)
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