

ECF

EAST COAST FURNITECH PUBLIC COMPANY LIMITED

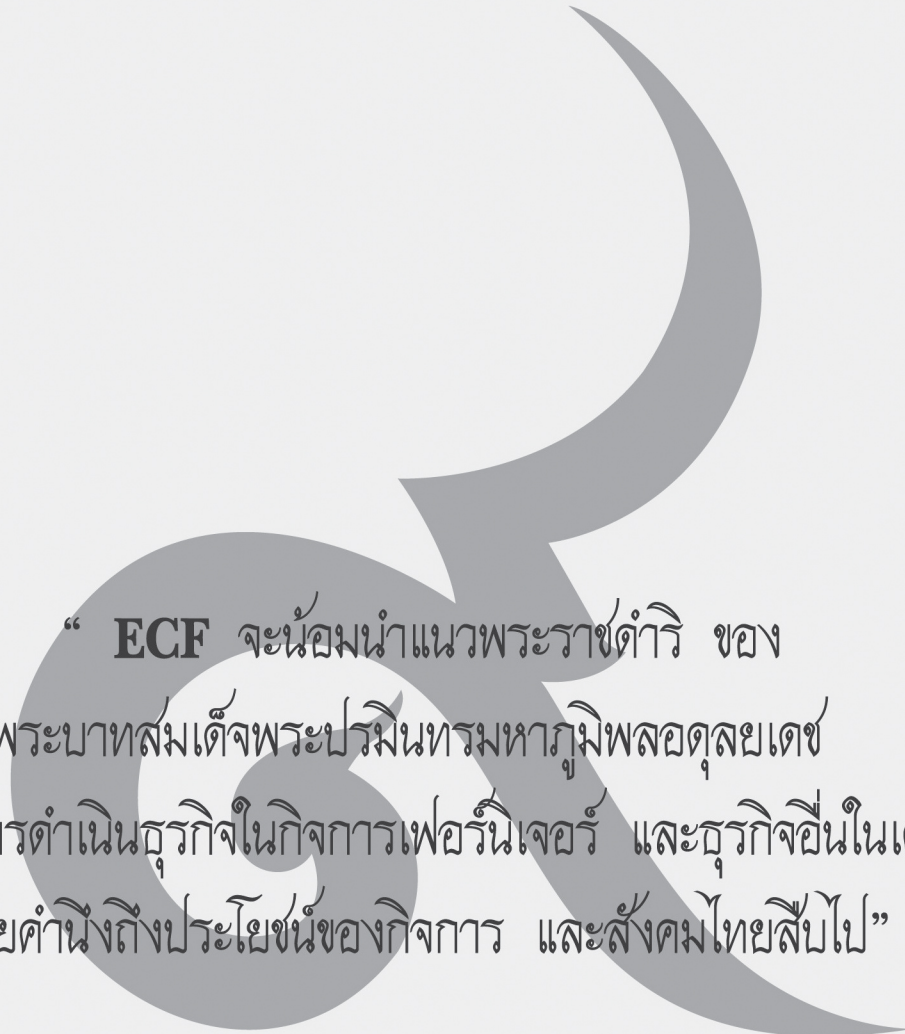
มุ่งเน้นศักยภาพการผลิตครบวงจร เป็นผู้นำการผลิตและส่งออกเฟอร์นิเจอร์



“ ปวงข้าพระพุทธเจ้า ขอโน้มเกล้าโน้มกระหม่อม รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้ ”

ข้าพระพุทธเจ้า คณะผู้บริหารและพนักงาน
บริษัท อีสต์โคสต์เฟอร์นิเทค จำกัด (มหาชน)

รายงานประจำปี 2559
ANNUAL REPORT 2016



“ ECF จะนำเสนอแนวพระราชดำริ ของ
พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช
มาใช้ในการดำเนินธุรกิจในกิจการเฟอร์นิเจอร์ และธุรกิจอื่นในเครือ
โดยคำนึงถึงประโยชน์ของกิจการ และสังคมไทยสืบไป”

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“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”



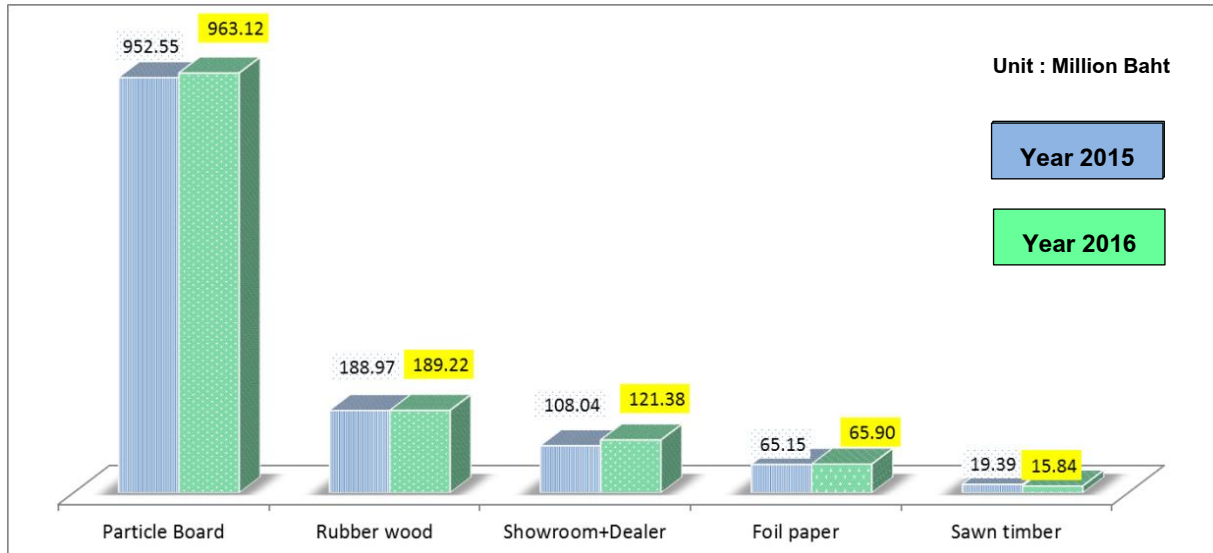
Financial Highlight

Unit : Baht million

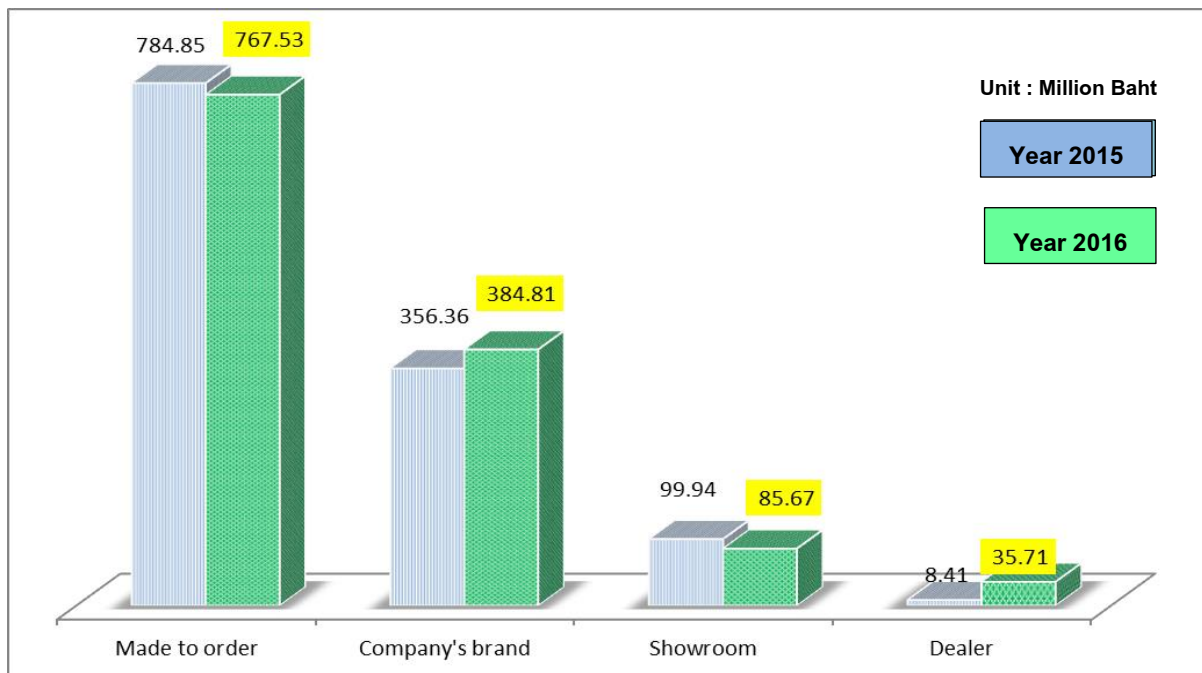
Subject	Year 2016	Year 2015	Year 2014
Statements of Financial Position			
Total Assets	2,357.28	1,506.20	1,238.67
Total Liabilities	1,698.19	1,052.54	839.55
Shareholder's Equity	659.09	453.66	399.12
Paid-up Capital	142.20	137.55	130.00
Profit and Loss Statements			
Revenues from Sales-Net	1,370.78	1,334.10	1,209.05
Total Revenue	1,394.91	1,358.30	1,227.97
Cost of Goods Sold	983.27	981.74	887.25
Total Expenses	335.93	292.40	257.86
Corporate Tax	10.71	13.99	12.97
Profit for the Year	65.00	70.17	69.88
<i>Profit for the Year – Owners of the parent</i>	<i>62.44</i>	<i>75.43</i>	<i>69.88</i>
Total Comprehensive Income for the Year	226.35	74.83	69.88
<i>Total Comprehensive Income for the Year – Owners of the parent</i>	<i>224.94</i>	<i>77.80</i>	<i>69.88</i>
Financial Ratios			
Return on Asset (%)	3.37	5.45	6.00
Return on Equity (%)	11.68	17.55	18.78
Gross Profit Margin (%)	28.27	26.41	26.62
Net Profit Margin (%)	4.66	5.51	5.66
Debt to Equity Ratio (times)	2.58	2.32	2.10
Book Value per share	0.112	0.144	0.134

Revenue categorized by Products and Distribution Channels

Comparative income from furniture distribution is divided by product type.
Between 2015 and 2016.



Comparative income from furniture distribution is divided by distribution channel type.
Between 2015 and 2016



Message from 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 deliver my gratitude to all shareholders for consistent trust and support on the Company's business operation without trouble. In this 2016, it has been considered as the year of Thailand's great loss since King Bhumibol Adulyadej passed away and as another year that every business sector has been affected from existing deflation of the world economic problem, the occurrence of the unrest circumstances in several countries and change of USA government, resulting in instability of the world economy recovery and non-growth rate of overall export of Thailand from before. Over than 60% of ECF business has been the export of furniture products for distribution in abroad. In last year, the Board of Directors gave precedence to quarterly monitoring turnover which has still been able to generate revenue and profit for continuous growth throughout the year to be satisfactorily profitable and generate revenues from sales for Baht 1,370.78 million at increasing growth rate from last year for 2.75%. In meantime, the growth of total revenues for Baht 1,394.91 million increased for 2.70%.

However, the Company has still formulated the policy and aimed for management in part of cost and expense of each work section, to be in line with the determined plan for maximum efficiency. In addition, in last year, the Company has always had new plans and given precedence to maintenance of product standard and quality and development of new product for accessibility to various customer groups and advancement to the Company's continuous growth under emphasis on more concise internal control system planning according to the principle of good corporate governance and carefulness for maintenance of the benefit of the shareholder and all parties of stakeholders.

I would like to deliver my gratitude to all executives and employees for your dedication of intelligence and effort and inner strength in hard working to drive the Company to step forward stable and sustainable growth, affecting the continuous growth capability of the Company's turnover; and also deliver my gratitude to the shareholders, business partners, business alliances and agencies that have given supports to the Company' business without trouble all the time.

In this occasion, I wish to bless all of the shareholders, management, customers and employees to be successful, proper and wealthy all together.



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

(General Terdsak Marom)

Chairman

Message from Chairman of Executive Committee

Dear Shareholders

The last 2016 has been the year of Thailand’s encounter to great loss since King Bhumibol Adulyadej passed away and as another year of the Company’s commencement on continuous step into new business operations apart from furniture manufacturing and distributing business. Nevertheless, furniture business has still been the main business that we are expert for ten years after the Company’s entry to be the listed company in MAI since 2013. Throughout the past 4 years, the management has fully dedicated to create stability and sustainability to the business under significant progress in increase in the proportion of investment in subsidiary or EFC Holdings Company Limited (ECFH) from initiative incorporation as the shareholder in the proportion of 51%, and increase in investment proportion to be 75.00% as the investor in different business areas that will be expanded and grown apart from furniture business that will exist in the future. The first initiated business is “Can Do” retail business of which the Company has purchased franchise from Japan in form of JPY100 Store which sells products in the whole store at one price of Baht 60. As of December 31, 2016, we have opened 6 branches for service and we have also had continuous branch expansion plan in 2017 and the following years.

In addition, the Company has still continuously advanced in alternative energy business operation. The business expansion in alternative energy and other businesses has been considered as a business operation strategy for the Company’s growth expansion and reinforcement of strength and stability.



The challenge of the Company’s executive team to knowledge, capability and vision in other business areas that will occur in the future has been commenced again. I on behalf of the executive have mutually created and developed to lead the business for progress, growth and profitability to all shareholders. I would like all shareholders to help encourage the Company’s executive team to be able to overcome problem and obstacle and lead the business for stable and sustainable progress and growth accordingly.

Thank you

(Mr. Wanlop Suksawad)

Director and Chairman of Executive Committee



Message from Managing Director

Dear All Shareholders

East Coast Furnitech Public Company Limited

In overview of the Company's business operation throughout 2016, the Management has aimed for stable, potential and quality business operation so that the business can be driven for stable and sustainable development and growth. ECF has carefully and cautiously planned marketing strategies and managed various areas in the organization. This year has been regarded as the challenging year for the capability of the executive team and all employees of the Company.

Even though the year of 2016 has been another year that all business sectors have been affected from the world economic problem, unrest circumstance occurrences in various countries as well as change of USA government, resulting in instability of the world economy recovery. However, the Company has still been able to generate more revenues from operation from last year. In 2016, the Company's total revenues were Baht 1,394.91 million as the result of every in-house people's effort and dedication, continuous increase in customer base expansion, and travel to abroad for customer meeting to seek for opportunity and new product offering channel. The Company has still aimed for more growth creation from before in the following years.

In 2017, for enhancement of competitive potential, the Company will develop approach marketing and start stepping into alternative energy business and retail business in more concrete way. In part of retail business, Can Do Store, the Company has had the branch expansion plan for continuous growth and will extended to franchise selling plan as the next target to help build stability, development and business format of

ECF to be variety, contributing to extension of revenues and strength to its business accordingly.

On behalf of the Managing Director, I would like to deliver my gratitude to the shareholders, stakeholders that have given good support on the Company's operation all the time, and I have committed to develop sustainable organizational growth, create customer satisfaction and be the organization of knowledge and capability development, and adhere to corporate governance for continuous growth in order to generate good return and maximum benefit of the shareholders and stakeholders on balance and sustainability.



Mr. Arak Suksawad

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above the title of the Managing Director.

Managing Director

Board of Directors and Audit Committee



1. General Terdsak Marom

Chairman of the Company
Audit Committee
Independent Director



2. Mr.Chalee Suksawad

Vice President



3. Asso.Prof.Dr.Montri Socatyanurak

Chairman of the Audit Committee
Independent Director



4. Mr.Wanlop Suksawad

Director Chairman of the
Executive Directors

Board of Directors and Audit Committee



5. Asso.Prof.Songklod Jarusombat

Audit Committee
Independent Director



6. Mr.Arak Suksawad

Director
Managing Director



7. Miss Tippawan Suksawad

Director
Deputy Managing Director



8. Mrs.Waraporn Suksawad

Director

Board of Executive Directors



Mr. Wanlop Suksawad

Chairman of the Executive Directors

Mr. Chalee Suksawad

Executive Director

Mr. Arak Suksawad

Executive Director

Miss Tippawan Suksawad

Executive Director

Management Team



From left to right

- | | | | |
|----|---------------|-----------|---|
| 1. | Ms.Pachanan | Singphu | Accounting and Financial Director |
| 2. | Mrs.Supak | Suksawad | Assistant Managing Director (Branch office) |
| 3. | Miss Tippawan | Suksawad | Deputy Managing Director |
| 4. | Mr.Arak | Suksawad | Mangaging Director |
| 5. | Mr.Sittichoke | Chinnurat | Assistant Managing Director (Head office) |
| 6. | Mr.Racha | Pojariya | Factory Director of Head Office |
| 7. | Mr.Attaphol | Thanapol | Factory Director of 1 st Branch |

Company General Information

Head Office



1st Branch



2nd 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 16 registered branches using as the showrooms for display and distribution as of December 2015.
Telephone	:	+66 38-886-372-4
Fax	:	+66 38-678-220
Home Page	:	www.ecf-furniture.com , www.elegathai.com
Paid-up Capital	:	142,206,512.50 Baht (One Hundred forty two Million and Two Hundred and six Thousand and Five Hundred and twelve Baht and fifty Satang) from all registered capital of 195,000,000 baht (One Hundred and Ninety Five Million Baht Only) for the rest of capital waiting for paid up that come from allocation for exercising of ECF-W1
Par Value per Share	:	0.25 Baht (Twenty Five Satang)

Reference

Registrar

Registrar's name	:	Thailand Securities Depository Co., Ltd.
Location	:	93 The Stock Exchange of Thailand Building, Rachadapisek Road, Din Daeng, Din Daeng, Bangkok, Thailand, 10400.
Telephone	:	+662-009-9000
Fax	:	+662-009-9991

Auditor

Auditor's Name	:	Mr.Phisith Chivaruengroj
Location	:	M.R. & Associates Co., Ltd. 89 Chaopraya Tower Building, Room 706 Soi. Wat Suanpru, Chareonkrung Rd. Khwang Bangrak, Khet Bangrak Bangkok 10500
Telephone	:	+662-630-7500 or +662-714-8842-3 or 0-2185-0342
Fax	:	+662-630-7506 or +662-185-0225

Law consultant

Law consultant's name	:	Mr. Tanandon Chareonrit / Mr. Amnad Jumpasarn
Lobation	:	Krittitham Law Firm, 9 Soi Intamara 7, Suttisarnvinidchai Rd., Khwang Samseannai, Khet Phayathai Bangkok
Telephone	:	+662-279-3141
Fax	:	+662-616-6384

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 (“the 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 under vision and mission as follows,

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” and mission

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”

Long-Term Target

The Company formulates long-term target by maintaining growth of sales volume and profit from operation in furniture business group for continuous growth, and sets target of proportion of revenues from alternative nearby business in the proportion for not below 30% of total revenues of the Company and its subsidiaries with 3 years

The Company formulates target and strategy of business operation with its will of market share acquisition as the top ranked furniture exporter of Thailand. At present, the Company has still been able to maintain more continuous growth rate of sales volumes in furniture group both in part of particle board and rubber wood at approximate 2% of growth rate for 2016. Even though it was the growth not on setting target at all due to decrease in growth rate of the national wood furniture export from before when compared with 2015 or negative rate at 4.53%, factors from world economic condition that has still been clearly uncertain for growth condition that will occur, and various areas of domestic factors, in overview of last 2016.

In part of such increasing sales volume, it has been caused from adjustment of business operation strategy in part of nationwide furniture distribution channels via wholesale stores and dealer stores by promoting Costa branch to penetrate wholesale store and dealer store market, resulting in the Company's ability to generate revenues from domestic distribution of furniture in last year for 8.78% of continuous growth. However, despite overview of the Company's furniture export decreased for 1.43% but if considering from major foreign customer base which is customer group in Japan, the Company has still been able to generate revenues from sales for 3.33% of continuous growth rate. This has been consistent with overview of national export on 2.53% of growth of furniture export for distribution in Japan with confidence of the customer group contacted by the Company for trading over than 10 years.

For the past 2016 period, the Company exported products for distribution in mover than 10 countries such as Japan, Middle East, India, USA, Taiwan, China, as well as the countries in AEC Group such

as Malaysia, Philippines, Indonesia and Singapore. If considering on individual country, it was found that growth rate of sales volume in some countries continuously increased. The purchase ordering result for export of products for distribution in new countries shall be continually monitored whether distribution channels to those countries can be added more. The overview of the Company's export for 2016 slightly decreased at 1.43%. The significant cause was from decrease in export of furniture to the group of Middle East countries for the proportion of 45% due to high price competition for customers in the group of Middle East countries.

For domestic customer group in last 2016, it has been considered as the year of the Company's adjustment on new competitive strategy, focusing on penetration of nationwide retail store and wholesale store customer group under Costa brand, in accompanying with reinforcement of more marketing and sales teams. This caused the Company able to significantly generate more revenues from sales of furniture for this distribution channel in the past 2016 period. However, since it has been in the beginning period, quantity of sales has still been low when compared with revenues from export and distribution via the Company's brand under distribution via modern trade store-type customer group.

If considering from distribution channel of furniture products via modern trade-type customer group which is order placement using the Company's brand. In the past 2016 period, it was found that the Company could also generate continuous growth rate of sales volume by product distribution to modern retail stores under different brands such as house brand of Tesco Lotus for distribution to Tesco Lotus Brand, Leaf for distribution to HomePro, Fur Direct Brand for distribution to Big C, a7 Brand for distribution to Mega Home, HASTA Brand for distribution to Thai Watsadu, and My Fur Brand for distribution to Do Home; and manufacture of products for distribution to Winner Brand as well as Do Home retail store. The growth rate of 8% for modern trade retail store group could be generated.

For distribution channel via ELEGA Showroom which is the product distribution channel for middle to upper customer groups, its growth rate decreased for 14% due to non-consumption confidence atmosphere and domestic spending, resulting in decrease in approximate growth rate of 6% of revenues from distribution via such channels. However, if the domestic economic confidence condition and spending atmosphere recovers again, product distribution channel via ELEGA showroom has still normally generated continuous growth rate.

In addition to the business overview of ECF Holdings Company Limited ("**ECFH**" or "**subsidiary company**") as a subsidiary by the company's shareholding as of 31st December 2016 of 75%. Currently the progress in ECFH business has progressed significantly. The newly implemented business operations can be divided into 2 following types.

1. Retail business (Can Do)

Can Do is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located Shinjuku Tokyo. Currently over 970 branches of Can Do are open. The minimum income is 63,484 million yen.

The company represented by Mr. Arak Suksawad, Managing Director, was interested in such retail store (100 yen for all products) in Japan. He starts a survey in all stores of this kind and was impressed by Can Do. Therefore, he is interested in buying franchise to perform the business in Thailand so as to provide good products under Japanese brand to Thai people. With affordable price for all products, he decided to contact the Headquarter of Can Do. Then, the joint venture is made.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 baht), and over 10,000 product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products.

The targeted customers covers teenagers, students, working age groups
As of 31st December 2016, 6 Branches of Can Do were open as follows.

1. Future Park Rangsit (175 sq.m.)
2. Seacon Square (120 sq.m.)
3. Patio Park Kanchanapisek (130 sq.m.)
4. Home Pro Rattanaibeth (140 sq.m.)
5. Home Pro Ratchpruek (99 sq.m.)
6. Index Living Mall Bang-yai (195 sq.m.)

2. Alternative energy business

➤ Solar Power Plant

On 27th February 2015, the meeting of Board of Directors has the resolution to register a subsidiary company in Japan under the name ECF Tornado Energy Godo Kaisha to support the additional investment in Japan. The solar energy plant project with its generation capacity of 1.5 Mw is implemented at 1737 Kodani, Toyotomi-cho, Himaji city, Hyogo, Japan, where the registered capital is at 100,000 yen or 51% of all ECFH shares.

The commercial operation date of such project has been commenced from 21st December 2015 under orderly operation and satisfactory productivity.

Later, the Board of Directors' Meeting of the Company No. 5/2016 on 8th September 2016 resolved the important resolution about solar farm power plant operated by ECF Tornado and the Company also considered to affirm and ratify in the event that ECF Holdings Company Limited ("ECFH") on behalf of its subsidiary sold asset invested in ECF Tornado Energy JK ("ECF Tornado") in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy businesses in Japan. Sales Contract for Asset was entered on 19 August 2016 whereas the sold asset's net selling price from related tax was around Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of such asset was due to consideration on profit that will be gained when compared with approximately 8% per

annum of return on investment from the project operation for 20 years of project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29th September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22nd February 2017.

For power plant business, the Company has currently been under continuous consideration and selection on investment in other interesting projects both of domestic projects and foreign projects.

➤ Biomass Power Plant

On 20th November 2015, the meeting of Board of Directors no. 7/2015 approved the subsidiary company ECF Holdings Co., Ltd. to be shareholders in Biomass Power Plant. It is the fifth shareholders of this company to submit a bid for a PPA with provincial electricity authority, or Electricity generating authority of Thailand (depending on the case) as per the announcement of Office of the Energy Regulatory Commission on the subject of criteria of purchase of electricity from renewable energy manufacturers. Currently, the company is awaiting the governmental announcement for an electricity purchase auction.

Name list of 5 shareholding companies is as follows;

1. Safe Energy Group Co.,Ltd. (Narathiwat 1)
2. Safe Energy Group Co.,Ltd. (Narathiwat 2)
3. Safe Energy Group Co.,Ltd. (Yala 1)
4. Safe Energy Group Co.,Ltd. (Pattaya)
5. Safe Energy Group Co.,Ltd. (Songkla)

On 27th January 2016, the joint venture agreement was made with 4 companies as follows.

1. Safe Energy Group Co.,Ltd. (Narathiwat 1)
2. Safe Energy Group Co.,Ltd. (Yala 1)
3. Safe Energy Group Co.,Ltd. (Pattaya)
4. Safe Energy Group Co.,Ltd. (Songkla)

However, as such four joint ventures failed to win the auction for nomination in selection as the power distributor of Power Purchase Agreement (PPA) according to the Announcement of Detail and Criteria for Power Purchase Acceptance from Renewable Energy Producers with Competitive Bidding Selection Method in Phase I for three Southern Border Provincial Areas and four Districts in Songkhla Province. The Board of Directors No. 9/2016 on 11th December 2016 therefore resolved to approve the winding up registration for such four joint ventures and cancel the resolution of incorporation registration approval for Safe Energy Group (Narathiwat 2) Company Limited due to non-use of such resolution in incorporation registration at all.

Nevertheless, with the will of business operation expansion in biomass power plant, the Board of Director's Meeting No. 9/2016 on 11th December 2016, in the same time, resolved to approve ECF Holdings Company Limited on behalf of the subsidiary to be the investor in new joint venture of which the

incorporation registration will be performed for investment in biomass power plant which is Safe Energy Holdings Company Limited for investment in biomass power plant business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 10,000 ordinary shares at par value of Baht 100 per share under shareholding structure as per below name lists.

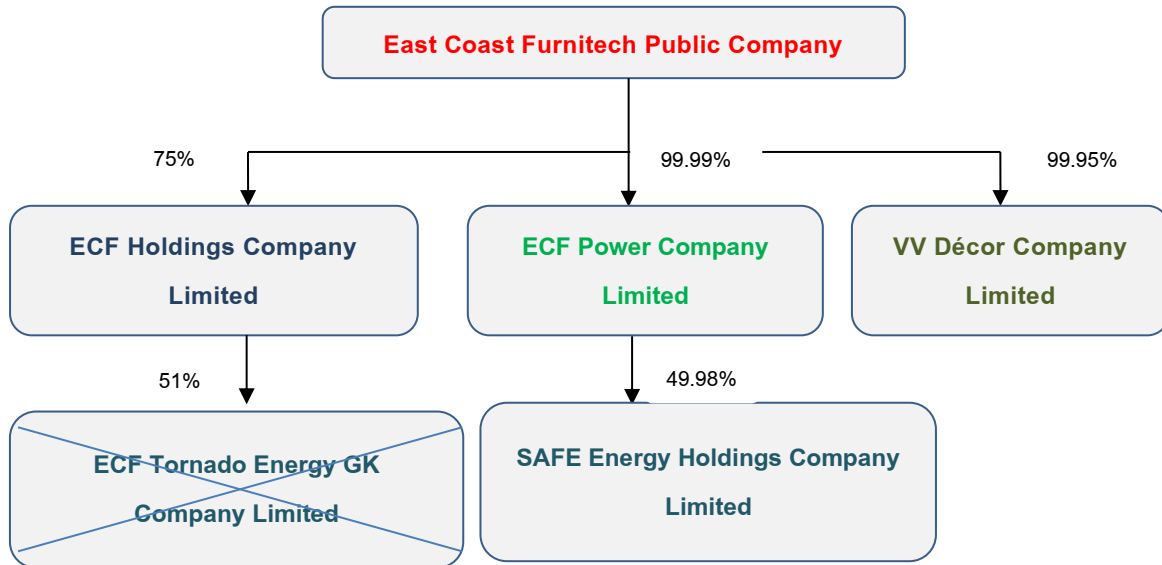
1. EFC Holdings Company Limited (on behalf of the Company's subsidiary), for 4,998 shares or 49.98%
2. Mr. Chalee Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
3. Mr. Arak Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
4. Fortune Part Industry Public Company Limited (FPI), for 4,998 shares or 49.98%
5. Mr. Sompol Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%
6. Mr. Somkit Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%

Safe Energy Holdings Company Limited has already been registered for incorporation on 7th February 2017.

Nevertheless, for restructuring of business operation for the group of companies and building clarity of energy business operation, the Board of Directors' Meeting No. 1/2017 on 12th January 2017, resolved to consider grouping of East Coast Furnitech Group of Companies by approving the incorporation registration of an additional subsidiary which is ECF Power Company Limited to be the investor in energy business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 100,000 ordinary shares at par value of Baht 10 per share whereas East Coast Furnitech Public Company Limited is the shareholder in the proportion of 99.99%. The business operation policy is to invest and operate all types of energy businesses such as biomass power plant, solar farm power plant and others. ECF Power Company Limited has already been registered for incorporation on last 16th January 2017 and informed to change the name of the investor in the company which is Safe Energy Holdings Company Limited that was changed from formerly, ECF Holdings Company Limited to be ECF Power Company Limited.

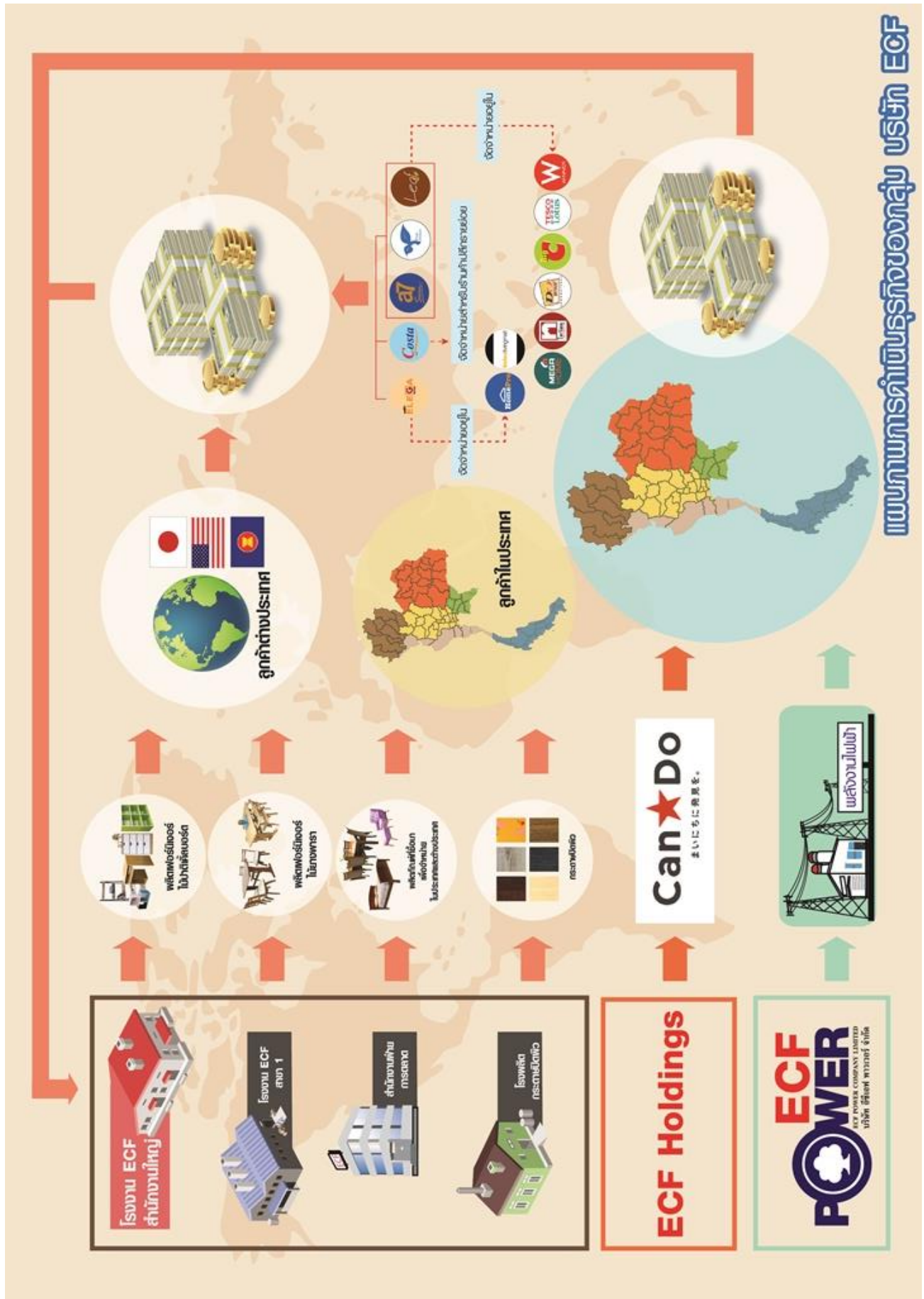
Later on 13th February, the Board of Directors' Meeting No. 2/2017 resolved to approve the investment in biomass power plant project of Prize of Wood Green Energy Company Limited ("Project" or "PWGE"), which is located at No. 149 Village No. 3, Kayu Khla Sub-district, Waeng District, Narathiwat Province, with 7.5 MW of installed production capacity. Safe Energy Holdings Company Limited ("SAFE") which is the associated company of the Company (whereas ECF Power Company Limited which is the Company's subsidiary and currently holding shares in the proportion of 50%) shall purchase ordinary shares from the Project's shareholders (99.9999%) for investment fund value in this Project in this time for not exceeding Baht 425,000,000 (or Baht 141,652,500 for investment fund of ECF-Power). *However, it was anticipated that dealing can be completed within Quarter 2 of this 2017.* At present, it has been under the procedure of investment in biomass power plant of PWGE whereas Safe Energy Holdings Company Limited will invest with ordinary shares purchase method in the proportion of 99.99% of PWGE. After completion of investment in such transaction, the shareholding proportion of ECF Power Company Limited will decrease from 50% to be 33.37%.

Diagram about Group of Companies East Coast Furnitech Public Company Limited



***Remark :** At present, ECF Tornado Energy GK has completed the Procedure for registration of company dissolution. From February 22, 2017.





แผนภาพการดำเนินงานของกลุ่ม บริษัท ECF

Type of Business

The business operated by East Coast Furnitech Public Company Limited and VV Décor Company Limited as the subsidiary of the Company held by 99.95% of total shares

➤ Furniture 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.

VV-Décor Co.,Ltd. is one of subsidiaries 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

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, Thai Wasadu, Winner and Do Home. 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.

Diagram About the Countries of Customers



Brands that the company manufactures and distributes to modern trade comprise of in-house brands which are “**Fur Direct**” “**Leaf**” “**a7**” “**Hasta**” and “**My Fur**”. They are the brands that ECF manufactures to Big C, Home Pro, Mega Home, Thai Wasadu and Do Home respectively. Moreover the production for Tesco Lotus will be produced by using Tesco Lotus’s brand.

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, 2015, The Company’s showrooms located in Index Living Mall and Home Pro are total of 14 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 retailer 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 under brand “**My Fur**”.

For “**Finna House**” brand launched in 2015 period, the objective of the brand is to distribute products in furniture product group manufactured under the copyright of Disney cartoon design on behalf of the copyright purchasing company as the franchisee in use of Disney cartoon design for use with furniture products. At this moment, it has just been the sole franchisee in Thailand. At present, Finna House has had two showrooms located on rental area of HomePro, Market Village Suvarnabhumi for one branch and The Walk Ratchaphruek for one branch.

Company's Brands

Brand	Symbol	Distribution Channel
ELEGA		Used for distributing all solid wood furniture that produced by our own factory or imported from overseas. This brand is used for Showroom ELEGA.
Finna House		Used for distributing furniture that produced under license from Disney. This brand is used for Showroom Finna House.
Fur Direct		Used for distributing furniture to Big C
Leaf		Used for distributing furniture to Home Pro
a7		Used for distributing furniture to Mega Home
Hasta		Used for distributing furniture to Thai Wasadu
Costa		Used for distributing furniture to wholesaler and retailer all over the country.
My Fur		Used for distributing furniture to Do Home and online sales via www.elegathai.com .

Showroom “ELEGA”

The Company’s showrooms located in Index Living Mall and Home Pro are total of 13 branches and 3 branches respectively

- As of December 31, 2016 rental areas of ELEGA in Index Living Mall comprise of Bang Na, Ratanathibeth, Rangsit, Pattaya, Bang Yai, Chonburi, Chiang Mai, Ratchpruek, Kaset-Navamin, Nakorn Ratchasima, Hat Yai, Suratthani and Rayong, total 13 branches.
- As of December 31, 2016 rental areas of ELEGA in Home Pro comprise of Chacheangsao Chaiyaprug and Nakorn Ratchasima, total 3 branches.



Showroom “Finna House”

- As of December 31, 2016 rental areas of Finna House comprise of Home Pro Market Village Suvambhumi and The Walk Ratchpruek total 2 branches.



Online Distribution Channel via www.elegathai.com

เข้าสู่ระบบ ลงทะเบียน

ตะกร้าสินค้า (0) ไทย



สั่งซื้อเฟอร์นิเจอร์ออนไลน์
ได้แล้ววันนี้



HOME PRODUCT NEWS&PROMOTION HOW TO ORDER FIND A STORE !

ELEGA NEWS



Leave a message

The business operated by ECF Holding Company Limited as the subsidiary held by the Company 75% of total shares.

➤ Retail Business : Can Do Shop



Can Do is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located at Shinjuku Tokyo. Currently over 970 branches of Can Do are opened. The minimum income is 63,484 million yen.

The East Coast Furnitech Company Limited or ECF represented by Mr.Arak Suksawad, Managing Director, was interested in such retail store (100 yen for all products) in Japan. He started a survey in all stores of this kind and was impressed by Can Do. Therefore, he is interested in buying franchise to perform the business in Thailand so as to provide good products under Japanese brand to Thai people. With affordable price for all products, he decided to contact the Headquarter of Can Do. Then, the joint venture is made.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products.

The targeted customers cover teenagers, students, working age groups

Currently over 6 Branches of Can Do were open as follows.

1. Future Park Rangsit (175 sq.m.)
2. Seacon Square (120 sq.m.)
3. Patio Park Kanchanapisek (130 sq.m.)
4. Home Pro Rattanaibeth (140 sq.m.)
5. Home Pro Ratchpruek (99 sq.m.)
6. Index Living Mall Bang-yai (195 sq.m.)

We expected to open more branches to operate at least 12 branches in 2017.

Can Do – 100 Yen shop style



➤ Alternative Energy Business

■ Solar Farm Project

According to the resolution of the Board of Directors' Meeting No. 2/2015 on Friday 27th February 2015, it resolved to consider the approval of incorporation registration for new indirect subsidiary in Japan, ECF Tornado Energy Godo Kaisha ("ECF Tornado"), to support the investment expansion in Japan for solar farm project with 1.5 MW of approximate installed production capacity. The Project is located at No. 1737, Kaminoyama, Kamiya, Tokotomi-Cho, Himeiji City, Hyogo, Japan, with registered capital for JPY 100,000 or approximately Baht 27,690 (referring to exchange rate of Baht 27.69 per JPY 100 from Bank of Thailand) as of February 25, 2015 as the notification date of news to the Stock Exchange of Thailand) whereas ECF Holding Company Limited on behalf of the subsidiary with 51.00% of the Company's shareholding has been the shareholder of ECF Tornado Energy Godo Kaisha in the proportion of 51% or invested value in the Project for approximately JPY 106,617,00 or approximately Baht 29.52 million to help build growth to the Company and diversify business operation risk. The commercial operation date of this solar farm project has been from 21st December 2015.

Later, the Board of Directors' Meeting of the Company No. 5/2016 o5/2016 on 8th September 2016, had significant resolution about solar farm project operated by ECF Tornado. The Company considered affirming and ratifying the event that ECF Holdings Company Limited ("ECFH") on behalf of the subsidiary sold invested asset in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy business in Japan. Sales Contract of Asset was entered on 19th August 2016. The sold asset's selling price from related tax was Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales; or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of the said asset was due to the consideration from profit that will be gained when compared with approximately 8% per annum of return on investment from project operation for 20 years of the project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29th September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22nd February 2017.

Solar Power Plant – ECF Tornado Energy, Himeji Prefecture, Japan



- Biomass Power Plant

On 20th November 2015, the Board of Directors' Meeting No. 7/2015 resolved to consider approving ECF Holdings Company Limited on behalf of the subsidiary as the investor in Biomass Power Plant business to be the shareholders of total of five new joint ventures for preparation in order to participate in auction of selection and approval as the proposer of sales of power for acquisition of Power Purchase Agreement (PPA) with the Provincial Electricity Authority (PEA) or the Electricity Generating Authority of Thailand (EGA) as the case may be pursuant to the Announcement of Energy Regulatory Commission (ERC) on Criteria of Power Purchase Acceptance from Renewable Power Producer. At this moment, it has been under waiting for government sector policy to the period of auction opening for power offer for sales.

The name list of all of five joint ventures is as follows.

1. Safe Energy Group (Narathiwat 1) Co., Ltd.
2. Safe Energy Group (Narathiwat 2) Co., Ltd.
3. Safe Energy Group (Yala 1) Co., Ltd.
4. Safe Energy Group (Pattani) Co., Ltd.
5. Safe Energy Group (Songkhla) Co., Ltd.

Later on last 27th January 2016, the incorporation registration for total of four joint ventures, consisting of below name list of joint ventures, has been performed.

1. Safe Energy Group (Narathiwat 1) Co., Ltd. under shareholding of ECFH in the proportion of 25.00%.
2. Safe Energy Group (Yala 1) Co., Ltd. under shareholding of ECFH in the proportion of 20.00%.
3. Safe Energy Group (Pattani) Co., Ltd. under shareholding of ECFH in the proportion of 25.00%.
4. Safe Energy Group (Songkhla) Co., Ltd. under shareholding of ECFH in the proportion of 25.00%.

However, since such four joint ventures could not win the auction for nomination in selection as the distributor of power in Power Purchase Agreement (PPA) according to the Announcement of Detail and Criteria of Power Purchase Acceptance from Renewable Power Plant with Competitive Bidding Selection Method in Phase I for four Southern Border Provincial Areas and four Districts in Songkhla Province. The Board of Directors No. 9/2016 on 11th December 2016 therefore resolved to approve the winding up registration for all of such four joint ventures and cancel the resolution of incorporation registration approval for Safe Energy Group (Narathiwat 2) Company Limited due to non-use of such resolution in incorporation registration at all.

However, with the will of business operation expansion in biomass power plant, the Board of Director's Meeting No. 9/2016 on 11th December 2016, in the same time, resolved to approve ECF Holdings Company Limited on behalf of the subsidiary to be the investor in new joint venture of which the incorporation registration will be performed for investment in biomass power plant which is Safe Energy Holdings Company Limited for investment in biomass power plant business under initial registered capital of Baht 1,000,000 (One

Million Baht Only), being classified into 10,000 ordinary shares at par value of Baht 100 per share under shareholding structure as per below name lists.

1. EFCF Holdings Company Limited (ECFH) for 4,998 shares or 49.98%
2. Mr. Chalee Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
3. Mr. Arak Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
4. Fortune Part Industry Public Company Limited (FPI), for 4,998 shares or 49.98%
5. Mr. Sompol Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%
6. Mr. Somkit Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%

Safe Energy Holdings Company Limited has already been registered for incorporation on 7th February 2017.

Nevertheless, for restructuring of business operation for the group of companies and building clarity of energy business operation, the Board of Directors' Meeting No. 1/2017 on 12th January 2017, resolved to consider grouping of East Coast Furnitech Company Limited by approving the incorporation registration of an additional subsidiary which is ECF Power Company Limited to be the investor in energy business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 100,000 ordinary shares at par value of Baht 10 per share whereas East Coast Furnitech Public Company Limited is the shareholder in the proportion of 99.99%. The business operation policy is to invest and operate all types of energy businesses such as biomass power plant, solar farm power plant and others. ECF Power Company Limited has already been registered on last 16th January 2017 and informed to change the name of the investor in the Company. Safe Energy Holdings Company Limited was changed from formerly, ECF Holdings Company Limited to be ECF Power Company Limited.

Later on last 13th February 2017, the Board of Directors' Meeting No. 2/2017 resolved to approve the investment in biomass power plant project of Prize of Wood Green Energy Company Limited ("Project" or "PWGE"), which is located at No. 149 Village No. 3, Kayu Khla Sub-district, Waeng District, Narathiwat Province, with 7.5 MW of installed production capacity. Safe Energy Holdings Company Limited ("SAFE") is the associated company of the Company to be the investor. However, it was anticipated that dealing can be completed within Quarter 2 of this 2017.

- [PV Solar Rooftop Power Plant](#)

On last 18th September 2014, the Company affixed the signature in Memorandum of Understanding ("MOU") for joint business operation of PV Solar Rooftop Power Plant with Gunkul Engineering Public Company Limited ("GUNKUL") under the scope of collaboration between the Company and GUNKUL as follows.

The Company and GUNKUL will jointly incorporate joint venture to support project development in the proportion of 74.99 : 25.01%, respectively.

The Company shall be responsible for supply of leasehold and/or right to use roof area for installation of solar cells as submission support as the proposer of power for sales, management and supply of capital source, and GUNKUL shall be responsible for service of supply of equipment, procuremet and construction for PV Solar Rooftop Power Generation Project so that the project can be implemented according to Power Purchase Agreement (PPA) and being the service provider of management and maintenance under the operation. Both parties have duty to apply for license of the proposer for sales of power with the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA) as the case may be.

Primarily, the Company can completely supply roof areas to support approximately 10 MW of power production capacity. In the following procedure, the Company and GUNKUL shall apply for license of the proposer for sales of power to the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA), respectively.

Thus, in part of PV Solar Rooftop Power Plant Project Plan has been waiting for clarity from government sector in issuing the formal announcement of the criteria for selection of application and proposal for sales of power.

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 16 showrooms of ELEGA (as at 31 December 2016). Details are as follows:

The details of each product characteristic 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 Products



Rubber Wood Furniture (cont.)



2. Living Room Products



3. Bedroom Products



For the rubber wood products, ECF will manufacture and sell to these customers:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.
2. Domestic sale to Home Pro in the brand “Leaf”.
3. Sale in rental area in 16 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 7 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



For Particle Board Furniture, ECF will manufacture and sell to these customers:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.
2. Domestic sale by using the brands of the Company “Fur Direct”, “Leaf”, “a7”, “Hasta” and “My Fur” for selling to Big C, Home Pro, Mega Home, Thai Watsadu and Do Home respectively.
3. Domestic sale via “FINNA HOUSE” showroom which distributes the furniture under license of Disney.

4. Furniture sale via showrooms

As at 31 December 2016, ECF comprises of 16 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.)



In the beginning of August 2015, the Company has opened “FINNA HOUSE” showroom for distribution the furniture produced under the license of Disney and all of the products are produced from our own factory. The furniture products comprise of many categories as follows;

1. Bed Room Products such as bed set, cabinet, side table
2. Sofa Products
3. Multi-Purpose Cabinet
4. Typical Products such as hangers, wall shelf, glass etc.

Furniture sale via “FINNA HOUSE” showroom



Furniture sale via "FINNA HOUSE" showroom (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 VV-Décor Co., Ltd as ECF's subsidiary held by ECF total 99.50% of registered capital. At present, 40% of foil papers are sold to general customers.



VV-DECOR CO.,LTD.

Foil Paper



As the mentioned above, these products will be operated by East Coast Furnitech Public Company Limited or ECF and VV Décor Company Limited as a subsidiary held by ECF 99.50% of registered capital, Both of them are operating furniture business. However, the Company has registered one more subsidiary in the name of ECF Holdings Company Limited or ECFH, which is held by ECF at 51% as of December 31, 2016 later on February 23, 2016 ECF has increased the proportion of holding to 75% for the objective of holding company in other businesses besides furniture business. Currently ECFH has registered capital 1,000,000 baht (One million baht) divided into 10,000 ordinary shares (Ten Thousand shares) at a par value of 100 baht (One Hundred baht) and then ECFH has changed the registered capital from 1,000,000 baht to 10,000,000 baht divided into 100,000 shares at a par value of 100 baht, The details are as follows;

No.	Shareholder's Name	New	
		% of shareholding	No. of shares
1	East Coast Furnitech PLC.	75%	75,000
2	Mrs.Siriluck Nukcharoen	15%	15,000
3	Miss Napaporn Sooppawong	10%	10,000
	Total	100%	10,000

At present ECF Holdings Co., Ltd. operates 2 following main businesses.

1. Can Do retail store

Can Do retail store originated in Japan. ECFH contacted to buy franchise from Japan to operate the business in the same style as 100-yen shop in Japan. It was adapted to be a store providing various products with only one price--- 60 baht.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products.

The targeted customers covers teenagers, students, working age groups

Currently over 3 Branches of Can Do were open as follows.

1. Future Park Rangsit (175 sq.m.)
2. Seacon Square (120 sq.m.)
3. Patio Park Kanchanapisek (130 sq.m.)
4. Home Pro Rattanaibeth (140 sq.m.)
5. Home Pro Ratchpruek (99 sq.m.)
6. Index Living Mall Bang-yai (195 sq.m.)

Shop Style and Product Characteristics of Can Do



2. Alternative Energy Business

a. Solar Power Plant Business

The company registered its indirect subsidiary company in Janpan to support the additional investment in Thailand. The solar energy plant project contains its generation capacity of 1.5 Mw. In which ECFH holds 51% of share of this indirect subsidiary company named ECF Tornado Energy Godo kaisha. The structure of shares of this company is as follows.

Name Lidt	Percentage of Share (Percent)	Major Shareholders
1. ECF Holding Co.,Ltd.	51.00	East Coast Furnitech PLC.
2. M Y Corporation	19.24	Mr.Masanobu Yamashita*
3. NOTO Corporation	10.00	*Mr.Takayuki Noto
4. Tsukasa Tech Company Limited	5.00	*Mr.Maehara Yasuo
5. Tornado Japan Company Limited	5.00	*Mr.Michimoto Yasushi
6. Mr.Masazumi Obata*	4.88	-
7. Mr.Saravuth Udomtham*	4.88	-
Total	100.00	

Remark: the shareholders in 6,7 and ones marked by * in front of their name are not persons relevant to the company.

The project is located at 1737 Kamiya, Tokotomi-Cho, Kaminoyama city, Himeji, Japan. The project is located in an area of approximately 17 rai. At present the solar power plant operated a power generation for commercial purposes (COD). Such operation commenced on 21st December 2015 onwards.

The solar power plant project composed of electricity purchase contract with governmental authority of Japan named Kansai electric Power Co., Inc. The rate of electricity price is 36 yen per unit for 20 years. Within the project area, 6,240 solar cell panels are installed. The model of panel is Poly Crystalline Silicon Solar Cell. We also purchase a maintenance service with Tornado Japan Company Limited. The service contract is a year-by-year one.



After distribution of power to commercial system without trouble and with capability to generate higher electric power than power quantity which was conducted for feasibility study prior to investment, the Board of Directors' Meeting of the Company No. 5/2016 subsequently had the important resolution to consider affirming and ratifying the event that ECF Holdings Company Limited ("ECFH") on behalf of the subsidiary sold invested asset in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy business in Japan. Sales Contract of Asset was entered on 19th August 2016. The sold asset's selling price from related tax was Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales; or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of the said asset was due to the consideration from profit that will be gained when compared with approximately 8% per annum of return on investment from project operation for 20 years of the project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29th September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22nd February 2017.

At present, ECF Holdings Company Limited has not been under operation of business related to solar farm power plant at all.

b. Operational data related to biomass power plants;

i. Biomass Power Plant

Currently the progress of this project is that the company has made the joint venture registration with 4 following companies on 27th January 2016.

1. Safe Energy Group Co.,Ltd. (Narathiwat 1) in which ECFH holds 25% of all shares
2. Safe Energy Group Co.,Ltd. (Yala 1) in which ECFH holds 20% of all shares
3. Safe Energy Group Co.,Ltd. (Pattaya) in which ECFH holds 25% of all shares
4. Safe Energy Group Co.,Ltd. (Songkla) in which ECFH holds 25% of all shares

However, as such four joint ventures failed to win the auction for nomination in selection as the power distributor of Power Purchase Agreement (PPA) according to the Announcement of Detail and Criteria for Power Purchase Acceptance from Renewable Energy Producers with Competitive Bidding Selection Method in Phase I for three Southern Border Provincial Areas and four Districts in Songkhla Province. The Board of Directors No. 9/2016 on 11th December 2016 therefore resolved to approve the winding up registration for such four joint ventures

However, with the will of business operation expansion in biomass power plant, the Board of Director's Meeting No. 9/2016 on 11th December 2016, in the same time, resolved to approve ECF Holdings Company Limited on behalf of the subsidiary to be the investor in new joint venture of which the incorporation registration will be performed for investment in biomass power plant which is Safe Energy Holdings Company Limited for investment in biomass power plant business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 10,000 ordinary shares at par value of Baht 100 per share under shareholding structure as per below name lists.

1. ECF Holdings Company Limited for 4,998 shares or 49.98%

2. Mr. Chalee Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
3. Mr. Arak Suksawad, the Director of the Company and of ECFH, for 1 share or 0.01%
4. Fortune Part Industry Public Company Limited (FPI) for 4,998 shares or 49.98%
5. Mr. Sompol Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%
6. Mr. Somkit Thanadamrongsawad, the Director of FPI, for 1 share or 0.01%

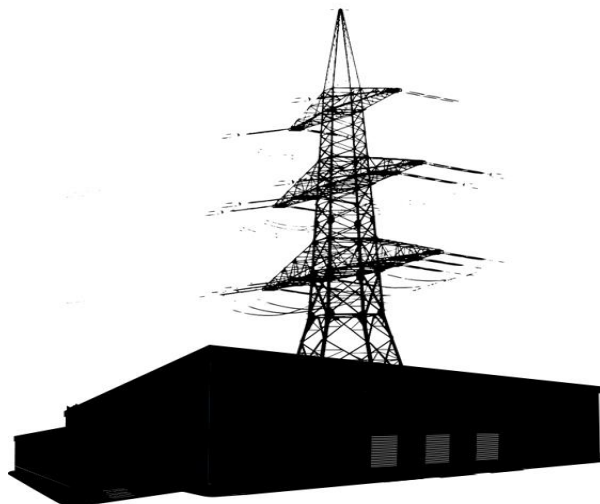
Safe Energy Holdings Company Limited has already been registered for incorporation on 7th February 2017.

Nevertheless, for restructuring of business operation for the group of companies and building clarity of energy business operation, the Board of Directors' Meeting No. 1/2017 on 12th January 2017, resolved to consider grouping of East Coast Furnitech Company Limited by approving the incorporation registration of an additional subsidiary which is ECF Power Company Limited to be the investor in energy business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 100,000 ordinary shares at par value of Baht 10 per share whereas East Coast Furnitech Public Company Limited is the shareholder in the proportion of 99.99%. The business operation policy is to invest and operate all types of energy businesses such as biomass power plant, solar farm power plant and others. ECF Power Company Limited has already been registered for incorporation on last 16th January 2017 and informed to change the name of the investor in the company, which is Safe Energy Holdings Company Limited that was changed from formerly, ECF Holdings Company Limited to be ECF Power Company Limited.

Later on 13th February, the Board of Directors' Meeting No. 2/2017 resolved to approve the investment in biomass power plant project of Prize of Wood Green Energy Company Limited ("Project" or "PWGE"), which is located at No. 149 Village No. 3, Kayu Khla Sub-district, Waeng District, Narathiwat Province, with 7.5 MW of installed production capacity. Safe Energy Holdings Company Limited ("SAFE") which is the associated company of the Company is the investor. However, it was anticipated that dealing can be completed within Quarter 2 of this 2017.

ii. PV Solar Rooftop

Currently, the PV Solar Rooftop is awaiting officially exact criteria of government on the subject of the sales of electricity.



Revenue Structure

1. Revenue structure categorized by each category

Category	Year 2014		Year 2015		Year 2016	
	MB	%	MB	%	MB	%
1. Particle board furniture	852.47	69.01	952.55	70.13	963.12	69.05
2. Rubber wood furniture	176.59	14.30	188.97	13.91	189.22	13.57
3. Furniture sold via showrooms and dealers	108.82	8.81	108.04	7.95	121.38	8.70
4. Foil Paper	61.65	4.99	65.15	4.80	65.90	4.72
5. Dried rubber wood	9.51	0.77	19.39	1.43	15.84	1.14
6. Retail Shop	-	-	-	-	15.31	1.10
Net sales revenue	1,209.05	97.88	1,334.10	98.22	1,370.77	98.27
Other revenue ^{1/}	26.16	2.12	24.20	1.78	24.14	1.73
Total revenue	1,235.21	100.00	1,358.30	100.00	1,394.91	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 structure categorized by each distribution channel

Distribution Channel	Year 2014		Year 2015		Year 2016	
	MB	%	MB	MB	%	MB
1. Made to order	690.41	60.67	784.85	62.81	767.53	60.26
2. ECF brands	338.66	29.76	356.36	28.52	384.81	30.21
3. Showroom	89.18	7.84	99.94	8.00	85.67	6.73
4. Warehouse and dealer	19.64	1.73	8.41	0.67	35.71	2.80
Total revenue from furniture ^{1/}	1,137.89	100.00	1,249.56	100.00	1,273.72	100.00

Note : ^{1/} Total revenue of furniture sales equals particle board furniture and rubber wood furniture and showroom and wholesalers and retailer sales as the presentation of the above table.

3. Revenue structure categorized by domestic sale and overseas sale

Distribution Channel	Year 2014		Year 2015		Year 2016	
	MB	%	MB	%	MB	%
1. Domestic Sale	467.52	38.67	546.40	40.96	594.36	43.36
2. Overseas Sale	741.53	61.33	787.70	59.04	776.42	56.64
Net Sales	1,209.05	100.00	1,334.10	100.00	1,370.78	100.00

Overseas Warehouse



Domestic Warehouse



Policy and Objective of Business

The policy and business goals during the year 2016 of the main businesses which are the manufacture and sales of furniture products made from particle board and rubber wood still focuses on the stable income growth. In the next year, the company still aims to produce and sell value added products with Disney characters design more than last year. Besides, we expect to expand the showrooms of Finna House to present more products. With the policy to increase the income without limitation of production capacity in the year 2016, the company will import the products from domestic and international suppliers to support the customers' demand, including provide more choices of products to satisfy our customer. We are confident that it will lead to the significant income growth if the new products are accepted by the customers.

The business performed by our subsidiaries The details are as follow;

1. ECF Holdings Co., Ltd. is operating the retail business by Can Do : The policy in 2016 is to establish more branches of the store and find more Franchisee to help us expand the business rather than own all branches.
2. ECF Power Co.,Ltd. is established for investment in renewable business. In this regard, the progress is on the process of preparation to invest in biomass power plant and solar power plant.

Export Overview and Furniture Industry

Export Overview for the Year 2016

According to the information of international trade promotion department, Ministry of Commerce, In the year 2016, the overall figure of exportation of wood and metal furniture and bedding products, including other furniture is 1,094.26 million baht. It shows a declining trend comparing to the figure in 2015 or -4.12%. The details are as follows.

Unit: Million Baht

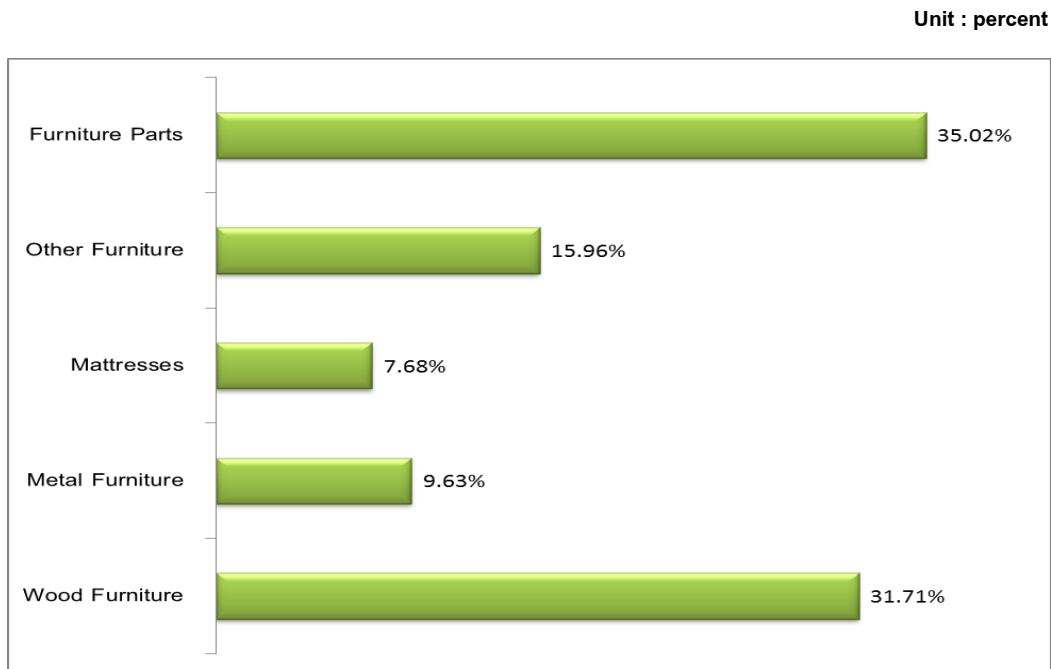
Exportation figures	2014	2015	Growth rate	2016	Growth rate
Furniture and furniture part	1,199.39	1,050.93	-12.38%	1,094.26	4.12%
Divided into following sub-group					
Wood furniture	433.32	363.44	-16.13%	346.97	-4.53%
Metal furniture	143.51	145.85	1.63%	105.34	-27.78%
Bedding product	62.12	75.95	22.26%	84.09	10.72%
Other furniture	215.79	185.63	-13.98%	174.64	-5.92%
Furniture parts	344.65	280.06	-18.74%	383.22	36.83%

Data of Proportion when Compared with Total Export Value for Furnitures and Parts

The export value figure in wood furniture product group has been normally in the top rank when compared with total export value of other products. The Company’s products are the export of wood furnitures according to all purchase orders of foreign customers. Except 2016, Thailand’s export value for furniture parts considerably increased until the value has been the top in replacement of export value for wood furnitures.



Diagram of Value and Proportion of Furniture and Parts Export Sales of 2016



The top maximum export value of furnitures and parts exported from Thailand has been USA with decrease in export rate for 1.82% in last 2016 period. The secondary one has been Japan with 2.53% of growth rate. If considering from growth rate of product export to Japan, the finding indicated that it has been consistent with the Company's growth rate of product export to Japan for 3.33% in 2016. However, when compared with increasing figure of product export in 2015, the finding indicated that in such year, the Company's growth rate of product export to Japan was at 6.62%. In 2016, the price completion was high. The key competitors have been the furniture factories in Malaysia. The Company has formulated its strategy in the period of high price competition condition by turning towards emphasis on product development and new product design for offer to customer groups as alternatives and as opportunity to increase price based on product value in compensation with product designs which are regularly manufactured for the customer group, resulting in quite difficulty of price increase proposal. However, the Company has emphasized on the strategy of continuous decrease in production cost management for products manufactured inside the factory.

Moreover, from the export value figure of Department of International Trade Promotion, Ministry of Commerce, the finding indicated that ten countries which have been the maximum exporters from Thailand for distribution have included business partner country group in AEC economic zone for three countries consisting of Vietnam, Malaysia and Indonesia. Thailand's total export value to these countries was USD 199 million, increasing for approximately 18% when compared with last 2015 period, or 10.87% for proportion when compared with product export value for furnitures and parts with increase in proportion when compared with 2015 that had 9.60% for proportion.

The Company therefore has planned the policy of confidence creation with the existing customer groups to its customers particularly in Japan. Most of them have dealt with the Company for several years. The Company will aim at development of product design, product quality and punctual delivery period. These are the key of joint business operation. Most customer groups in Japan are the large modern trade retail store

entrepreneurs that distribute products particularly furnitures and interior decorations, and big retail stores that distributes variety of products. All customers which trade with the Company are classified as top large entrepreneurs of Japan. In accompanying with 2016 period, the Company has started to offer new products such as bed to customer group, and obtained good feedback from the beginning of purchase orders from few customers. At present, the number of customers that have interested in the Company's bed products have begun to be continuously increasing. The Company expected that the increasing revenue will be continuously generated from this product group in the future.

In addition, the Company has still aimed at selling opportunity expansion to customer group in AEC economic zone more than before even though in last 2016, the Company has been unable to generate sales and expand customer base to be grown from before except Philippines

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, 57% of ECF products are for export so our competitor is HEVEA PAC Malaysia SDN BHD of Malaysia that produces and has target of customer same as the Company.

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.

4. Furniture for health and life quality: we focus on manufacturing furniture for health. With the design suitable to physiological movements such as Bed for health, Chairs for back pain reduction, etc. The products in this group are for those who interested in healthy products and it will be suitable for the future society as the elders tend to increase.

Risk Factors

Business Risks

1. [The risk of competition in the industry](#)

Currently in Thailand there are 4 major furniture manufacturers and distributor in total (excluding the company). The total income from the sales of furniture per year is 20,000 million baht approximately from the total figures of all furniture industry of 70,000 million baht approximately. Comparing targeted customer group of major manufacturers, we found that the customer groups targeted are not the same, i.e. two of four manufacturers operate a furniture retail business, sell under their brand name to their end-user. Another one manufacturer offers comprehensive furniture products covering almost all category of furniture and sell them through showrooms and customers having real estate. Another one operates a made-to-order furniture ordered by only one main customer. Therefore, these 4 manufacturers are not our direct competitors as they have different customer target. If we consider about the manufacturers that target Modern trade stores like us, we found only 4 brands. However, the products of these 4 brands are made from medium and smaller factory which obviously means that the production capacity is limited. Thus, none of them have a sales volume which is close to ours. Regarding foreign competitors, we found only 1 manufacturer aiming the same targeted customer group. Its name is HEVEA PAC Malaysia SDB BHD from Malaysia. Fortunately as we have built positive relationship with customers and always ensured our product quality, including production capacity that can serve the needs of customers, we are still able to maintain foreign customer base; most of them have ordered our products for more than 10 years. However, we realize the strength of our competitors, particularly ones in Malaysia and Vietnam. The strength of Malaysian competitors in the ability to manufacture made-to-order products and handle bulk order with modern technology in production process, low labor and transportation cost. The strength of Vietnamese competitors is the ability to manufacture made-to-order products, low labor cost but the weakness is they have to rely on raw materials from other country. The way to strengthen our product is to make distinctive point of our product according to the change of customer behavior trend and to adapt ourselves to customer needs and find the value added method to raise the competitiveness of our company.

2. [Risk from Competition of New Entrepreneurs and AEC Liberalization](#)

The Company distributed furnitures to both domestic and foreign customers under proportion of domestic and foreign distribution in the accounting period for 2015 for 40.96% and 59.04% of revenues from sales, and in the accounting year for 2016 for 43.36% and 56.64% of revenues from sales, respectively.

From such information, it was seen that the Company has started to have increasing proportion of revenues from s domestic distribution every year as the result from the Company's growth on revenues from domestic

distribution for 2016 for proportion of approximately 8.78%. If considering distribution channel, the finding indicated that the said growth rate was derived from manufacture and distribution using the Company's brand in increasing proportion of 7.98%, and the secondary was product distribution via wholesale store and dealer store with increasing growth more than last year for 325%. It was anticipated that it was the result from change in the domestic consumer behavior in turning into purchase of vertical residences or condominiums in the town to reduce travelling time and expense, and availability of value of most furniture users who have begun to have more viewpoint toward furnitures in residences or workplace as fashion products, resulting in the trend of continuous growth on demand quantity of furniture purchase as seen from branch opening of the major domestic furniture manufacturers and distributors in 2016 and trend of continuous branch opening expansion in 2017. In part of significant growth of distribution channel via wholesale store and dealer store, it was derived in 2016. The Company has given precedence to development and advancement both in part of product supply, reinforcement of strong working team structure with adequate number of personnel for advancement of the growth on distribution channel via dealer.

In addition, the occurrence of AEC liberalization in the beginning of 2016 in ASEAN group, the furniture products from the manufacturers in Malaysia and Vietnam have been regarded as the key competitors of Thailand. However, if considering in part of competition in ASEAN market, it may not be much severe due to the emphasis of each country on the products which are their outstanding points. For example, Indonesia is remarkable in outdoor furnitures. Malaysia is expert cheap and mass manufactured products. Philippines is remarkable in design but small production. Vietnam has most similar production to Thailand but its weakness has been in raw materials that must be almost imported. Therefore, as aforesaid, the Company has been prepared for support the contingent risk if the price completion problem occurs, under policy for improvement of production process efficiency, application of the policy for effective management of production cost and expense and more customer base expansion to both new domestic and foreign customers, new product design for offering to new potential customer groups, and production competitiveness enhancement development plan to be consistent with increasing trend of market demand, mainly emphasizing on product quality competition and competitive pricing. Moreover, with effective cost management advantage, the Company can determine competitive price. With product quality acceptable by both domestic and foreign customers for long time, the Company ensures that it will be quite low affected from such risk. If considering from the proportion of cost of sales to revenues from sales in comparison between 2015 and 2016, it was found that the proportion was at 72.27% and 70.75%, respectively, indicating the Company's ability to effectively manage cost of sales. The Company has still maintained the policy for continuous reduction on cost of sales proportion accordingly.

3. Risk of currency exchange fluctuations

Our sales to foreign customers are based on USD currency. In the 2015 and 2016 fiscal years, the ratio of our sales in 2 fiscal years to the overall sales is 59.04% and 56.64% respectively. Besides, the company imported raw material from other country to produce paper to cover our products and furniture from other country to sell in our showrooms. In the 2015 and 2016 fiscal years, the ratio of imported materials to all materials is 3.38% and 3.30% respectively. Therefore, the risk of currency fluctuation is unavoidable. It may

impact to the net profit of the company. However, the company has prepared the prevention measures to reduce such risk by, on 31st December 2016, the company has made Forward Contract to ensure stable currency rate with a financial institute in Thailand about 0.187 million US dollars or 6.66 million baht to reduce the impacts from such fluctuation in the future. However, the company determined the policy to make such forward contract with sufficient fund at the time it is likely to have a risk in currency exchange fluctuation. The forward contract is not made for acquiring benefit from currency exchange, but to prevent from the risk.

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 2015 and 2016, the value of the Company's made-to-order goods was equal to 784.85 and 767.53 million baht, which represented 62.81 percent and 60.26 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), "Fur Direct" (for Big C), "a7" (for Mega Home), "HASTA" (for Thai Wasadu) and "My Fur" (for Do Home). In the fiscal years 2015 and 2016, the sales value of the Company's house-brand products was equal to 356.36 million baht and 384.81 million baht, which represented 28.52 percent and 30.21 percent of the total furniture sale revenue, respectively. However the sales value of the Company when compared between the year 2015 and 2016 could find the growth rate is not very high. The cause came from the year 2014 the Company produced and delivered the products to TESCO LOTUS by using the Company's brand but since the year 2015 the products has produced under the brand of TESCO LOTUS instead. So the mentioned reason will have an effect on the sales value of the products produced by the Company's brand seems the growth rate does not grow significantly when compared between the year 2015 and 2016.

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 2015 and 2016, the particle board that the Company purchased represented 39.82 percent and 40.25 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 eight years.

● Risks from fluctuations in raw material prices

The main raw materials for furniture manufacturing consist of particle board and rubber wood. In 2016, 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. However, the Company's engagement shall continuously implement the policy for production cost control and waste management inside the plant, resulting in decrease in proportion of production cost and cost of sales from 2015.

As for rubber trees, at the present in Thailand has planted area about 22 million rais, whereas there is average rate for cutting about 400,000 – 500,000 rais per year. 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 31, 2016, the Company had a total of 1,213 employees, which consisted of 253 full-time employees and 960 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.

Production Risks

1. [Risk from Dependency on Key Executive](#)

The Company has commenced the business operation from the foundation of Mr. Wanlop Suksawad and continuously expanded the business via professional management of the executive group in Suksawad Family. Throughout over than 20 years of business operation, the key executives of the Company has ongoingly created reliability to the business and built good relationship with both domestic and foreign customers. The Company therefore may be exposed to risk from dependency on the key executives of the Company in management. If the key executives are changed, it may affect the Company's business operation. The Company has already realized on such risk and then prepared position succession plan and supported the Company's employees to fully play role in opinion expression and operation under determined authority and carried forward for teamwork in order to build more working potential and efficiency by considering on appropriate and adequate reward together with emphasis on equitable and regular training of every level of employees to have working knowledge and understanding. In addition, the employees are supported and entrusted for higher positions to support the Company's management. Therefore, the Company ensures that it will reduce dependency on the management by the key executives in the future.

2. [Risk from Availability of over than 50% of Major Shareholder Group](#)

Suksawad Group has been the Company's major shareholder group. As of December 31, 2016, it has held the shares in the proportion of 62.96% of issued and paid-up registered capital. The shareholding in such proportion may result in the exposure of risk by the minor shareholders from the influence of the major shareholders on determination of the management policy and control of more than half of the resolution of the Shareholders' Meeting whether being the issue of director appointment or request for resolution in the agenda that must use major votes of the Shareholders' Meeting.

The Company's Audit Committee consists of three independent directors from total of eight committee members. All audit committee members of the Company are qualified, well known and acceptable in the society. An audit committee member has assumed the office of the Chairman of the Board and this has been considered as aid in efficiency enhancement and transparency creation in the Company's management. Moreover, the Company has employed Act-Plus Consultant Company Limited to perform the duty as internal

audit unit which is independent from the Management and directly subordinate to the Audit Committee. The Board of Directors also concerns on the significance with good corporate governance under strict compliance with the guideline of good corporate governance. Therefore, the structure with checks and balances can make the Company ensure that every shareholder and stakeholder of the Company will be fairly and equitably treated. In addition, in 2017, the Board of Directors has planned to nominate and appoint another independent director, resulting in the structure of the Board of Directors having the ratio of independent director to director at 4 independent directors from the structure of total nine directors so as to check and balance the operation of the Board of Directors to be more transparent and effective.

Shareholders

1. Registered Capital and Paid Up Capital

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 a par value of 0.25 Baht (Twenty Five Satang). The paid up capital is equivalent to 142,206,512.50 Baht (One Hundred Fourty Two Million and Two Hundred and Six Thousand and Five Hundred Twelve Baht Fifty Satang) which has been divided into 568,826,050 ordinary shares at a par value of 0.25 baht per share (Twenty Five Satang)

2. Major Shareholders

As of December 30, 2016. (Total Shareholder 2,379 people), The details are as follows;

Data as of December 30, 2016			
Name		Number of shares (share)	Proportion (% of paid-up capital)
1. Suksawad Group		358,155,200	62.9639%
1.1 Mr. Wanlop	Suksawad	80,032,000	14.0697%
1.2 Mrs. Waraporn	Suksawad	13,991,600	2.4597%
1.3 Mr. Chalee	Suksawad	79,990,800	14.0624%
1.4 Mr. Arak	Suksawad	79,990,800	14.0624%
1.5 Miss Tippawan	Suksawad	79,990,800	14.0624%
1.6 Mr. Thamrong	Suksawad	24,156,400	4.2467%
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. Solaris Trigger Fund 3 Plus 3 #2		12,243,100	2.1523%
3. Phatthamasatyasonthi Group		14,125,300	2.4832%
3.1 Miss Pitchpim	Phatthamasatyasonthi	7,614,000	1.3385%

Data as of December 30, 2016			
Name		Number of shares (share)	Proportion (% of paid-up capital)
3.2 Mrs.Kunthong	Udommahunthisuk	2,700,000	0.4747%
3.3 Mr.Phisith	Phatthamasatyasonthi	1,570,000	0.2637%
3.4 Miss Kritchanok	Phatthamasatyasonthi	1,500,000	0.2760%
3.5 Mr.Akekarith	Phatthamasatyasonthi	741,300	0.1303%
4. Wiriyatorphan Group		9,520,800	1.6738%
4.1 Mrs. Wassana	Wiriyatorphan	7,960,700	1.3995%
4.2 Mr. Vitthaya	Wiriyatorphan	1,560,100	0.2743%
5. Thai NVDR Co.,Ltd.		7,561,500	1.3293%
6. Phoo Kasem Group		4,520,200	0.8216%
6.1 Mr.Thitikorn	Phoo Kasem	6,517,100	1.1457%
6.2 Mr.Sawang	Phoo Kasem	381,000	0.0670%
7. Miss Chintana Sae-Harn		4,886,000	0.8590%
8. Miss Chanita Kangwanthanakul		4,114,000	0.7232%
9. Rattapisankul Group		3,730,300	0.6558%
9.1 Mrs.Wantanee	Rattapisankul	3,195,800	0.5618%
9.2 Mr.Ronnakorn	Rattapisankul	522,900	0.0919%
9.3 Miss Pimnipa	Rattapisankul	11,600	0.0020%
10. Mr.Kanuengnij Jinda		3,727,000	0.6552%
11. Chantarueangvanij Group		3,574,600	0.6284%
11.1 Mrs.Maiyarut	Chantarueangvanij	2,461,498	0.4327%
11.2 Mr.Sathorn	Chantarueangvanij	1,005,937	0.1768%
11.3 Mr.Chayathorn	Chantarueangvanij	107,165	0.0188%
12. Other shareholders (2,346 people)		140,290,150	24.6631%
Total shares		568,826,050	100.0000%

Foreign shareholders: December 30, 2016. There are 1 foreign shareholder with total shares of 294,000 shares or 0.05 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 net profit after corporation tax, financial statements 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, 2016, 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. Songklod Jarusombat	Audit Committee / Independent Director
4.	Mr. Chalee Suksawad	Vice President
5.	Mr. Wanlop Suksawad	Director
6.	Mr. Arak Suksawad	Director
7.	Miss Tippawan Suksawad	Director
8.	Mrs. Waraporn 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-

In the Board of Director, there is 1 independent director named Assoc.Prof.Songklod Jarusombat who is knowledgeable in forest resources, specializing in forest products and social forestry. Such knowledge and specialty are related to wood furniture business of the company.

The directors appointed to be the independent director shall not be under the authority of executives and major shareholders.

Definition of Independent Committee of the Company
(Stricter than minimum regulation of SEC and Stock Exchange)

- 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.

Scope of duties and responsibilities of Chairman

1. Chairman organizes and convokes for the board of directors, preside over the board meetings and shareholder meeting, and consider with the managing director for the agendas of the meetings.
2. Chairman controls the meetings to continue efficiently and go together with the Company's regulations and support the opportunity for each director could express the opinion independently.
3. Support the board of directors could perform their roles with full competency according to the scopes of responsibilities and good corporate governance.
4. Control the policy and strategy of management team, but is not participated for the daily working same as the management team.
5. Taking care of, follow up the scope of works of the board of directors and subcommittee to achieve the determined objectives or committee's charter.
6. Act as casting voter in case the board of directors performs equal voting in any agenda.

Scope of duties and responsibilities of Board of Directors

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, 2016, 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.

Board of Executive Directors

As of December 31, 2016 the Company has four Risk Management Committee members consisting of:

- | | | |
|------------------|----------|-----------|
| 1. Mr.Wanlop | Suksawad | Chairman |
| 2. Mr.Chalee | Suksawad | Committee |
| 3. Mr. Arak | Suksawad | Committee |
| 4. Miss Tippawan | Suksawad | Committee |

Scope of Authorization and Responsibility of Board of Executive Directors

1. Give order, plan and ensure that the Company's operations are consistent with policies provided by the Board of Directors.

2. Determine business strategies.

3. Plan investment and capital raising process according to the Company's policies.

4. Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.

5. Propose appropriate investment and/or fundraising plans to the Board of Directors and/r the Shareholder's meetings.

6. Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.

7. Approve procurement, cancellation, or selling of assets, investments and other expenses necessary for business operation, details are mentioned in the authority plan.

8. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

9. Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

10. Determine employee's benefits as appropriate to situations, cultures and relevant regulations.
11. Perform other matters to support the operation as assigned by the Board of Directors in occasionally.

In all, the aforementioned authorities of the Executive Board do not cover approval of any transaction that the Executive Board or related person may potentially have conflict of interests with the Company or subsidiaries (if any). The transaction with such nature must be proposed to the Board of Directors or the Shareholders' meeting (depending on the issue) for approval according to the Company's regulations or relevant laws.

Risk Management Committee

As of December 31, 2016 the Company has Four Risk Management Committee members consisting of:

- | | |
|--|-----------|
| 1. Associate Professor Dr. Montree Socratyanurak | Chairman |
| 2. Associate Professor Songklod Jarusombat | Committee |
| 3. Mr. Chalee Suksawad | Committee |
| 4. Mr. Arak Suksawad | 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. Manage and control overall risk management of the organization in accordance with good governance principles.
4. 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.

The Nomination Committee

As of 31st December 2016, the company appointed 3 nomination committee members as follows.

- | | |
|-----------------------------------|--------------------------------|
| 1. Assoc.Prof.Songklod Jarusombat | Chairman/ Independent director |
| 2. Mr.Chalee Suksawad | Director |
| 3. Mr. Arak Suksawad | Director |

Scope of authority and responsibility of the nomination committee

1. Select the appropriate candidate proposed to be a director, a managing director according to the agreed criteria or nomination procedures with transparency to propose the selected person in the meeting of the Board of Director.
2. Organize trainings or development plan for directors and executives to increase knowledge about the managerial skill of directors and company business.
3. Organize the development plan to improve managing director and executives (Succession plan) to prepare the selected candidate to continue the duties in case of retirement, resignation or incapability of current directors.
4. Perform duties as appointed by the Board of Directors.

The Remuneration Committee

As of 31st December 2016, the company appointed 3 compensation committee members as follows.

- | | | |
|---------------------------|---------------|--------------------------------|
| 1. Assoc.Prof.Dr. Montree | Socatiyanurak | Chairman/ Independent director |
| 2. Mr.Chalee | Suksawad | Director |
| 3. Mr.Arak | Suksawad | Director |

Scope of authority and responsibility of the remuneration committee

1. In order to appropriately determine a structure and criteria of compensation of directors and managing directors, the following measures will be applied.
 - 1.1 Review the appropriateness of current criteria
 - 1.2 Consider information on compensation of other companies performing similar business activity.
 - 1.3 Determine appropriate criteria to achieve expected result based on fairness and provide a appropriate compensation for those who bring a success to the company
 - 1.4 Review the method of all types of compensations; amount of payment and payment structure shall be appropriate.
 - 1.5 Consider the compensation to be in accordance with regulation of the company or governmental authority, including related suggestions.
2. Evaluate the performance of Managing Director and report the Board of Directors for approval
3. Determine the annual compensation of Directors and Managing Directors.
4. Perform other duties as appointed by the Board of Directors.

Management Team

As of December 31, 2016, 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. Ms. Pachanan Singphoo Accounting and Financial Director
6. Mr. Racha Pojariya Factory Director of Head Office
7. Mr. Aatthaphol Thanaphol Factory Director of 1st Branch

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.

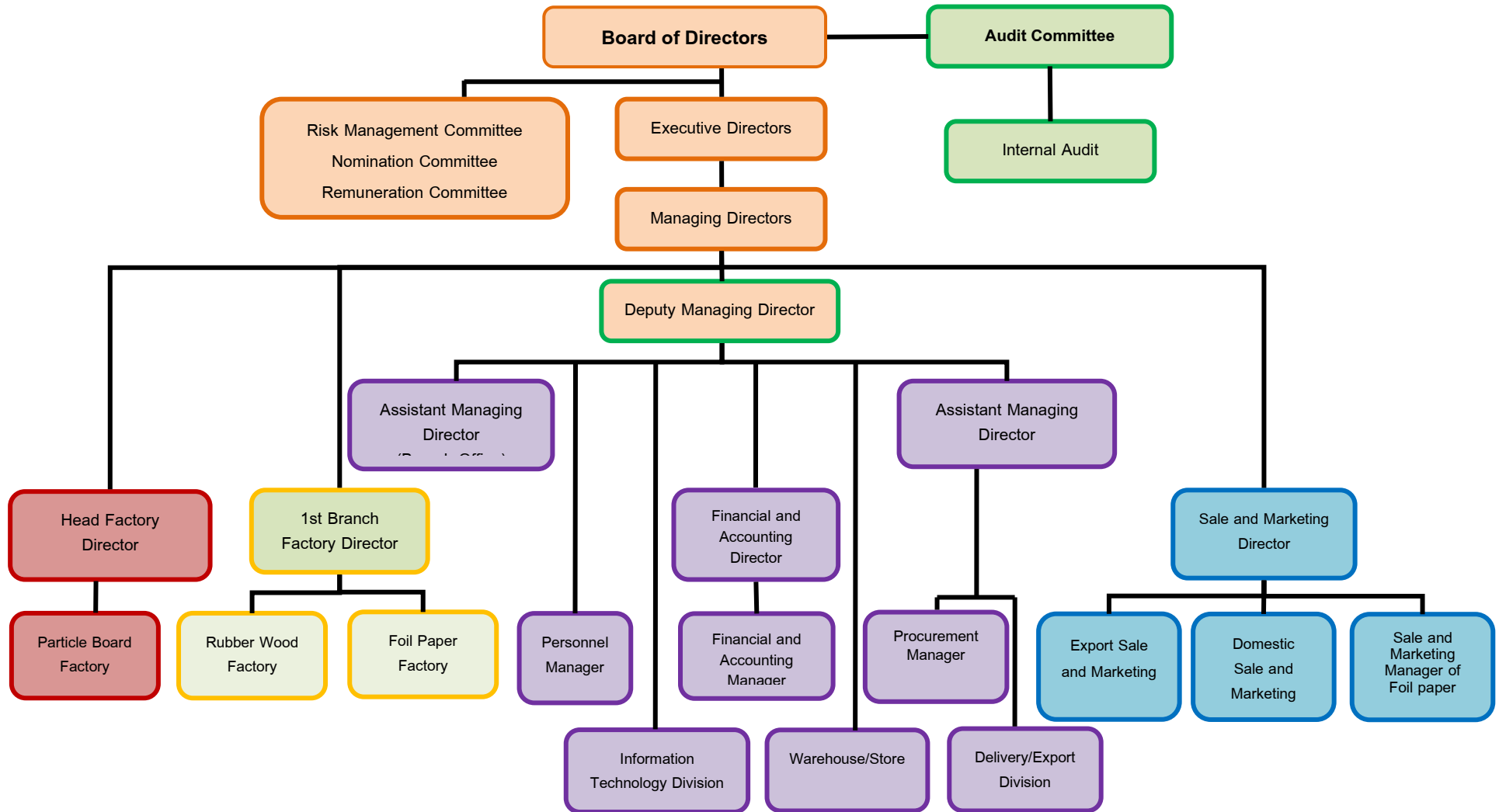
For any other purposes except for the above articles, the president does not have the authority unless, occasionally assigned from Board of Director's meeting only.

Approval Limited

Subject	Executive Committee	Managing Director	Deputy Managing Director	Assistant to Deputy Managing Director
1. Approved the provision of real estate fixed assets.	Not more than 60 MB	Not more than 30 MB	-	-
2. Approval for Sales realestate assets	Not more than 30 MB	Not more than 10 MB	-	-
3. Approval purchase for maintenance	Not more than 30 MB	Not more than 10 MB	Not more than 2 MB	Not more than 100,000 baht
4. Approved the purchase of office equipment and supplies.	Not more than 20 MB	Not more than 10 MB	Not more than 1 MB	Not more than 100,000 baht
5. Approval for sales of assets excluding real estate	Not more than 20 MB	Not more than 5 MB	-	-
6. Approval for loan / borrowing	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, 2016



Corporate 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:

- 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.
- To coordinate between the Board of Directors and executive management in the relevant laws, rules and regulations.
- To organize the Board of Directors' meeting, the annual general meeting of shareholders as required by laws.
- 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.
- 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.
- To be "Contact Person" with all relevant regulatory authorities; SEC, SET and TSD.
- 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)
- 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**

Director's and sub-committee's remuneration

At the Annual General Meeting of Shareholders 2016 held on April 8, 2016, the company approved and determined the 2016 remuneration for the directors as follow:

- 1) Monthly Salary :
 - Chairman THB 28,000 / person / month
 - Director THB 18,000 / person / month
 - Chairman of Audit Committee THB 23,000 / person / month
 - Audit Committee THB 18,000 / person / month
- 2) Meeting Allowance for Board of Directors and all sub committees : THB 7,000 / person / time, consist of sub committees as follows;
 1. Board of Directors
 2. Audit Committee
 3. Risk Management Committee
 4. Nomination Committee
 5. Remuneration Committee
- 3) Bonus or Incentive : Consider from overall operation

The company approved and determined the 2016 remuneration for the directors amounted to less than THB 4,500,000.

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 2 years (during 2015 – 2016) as shown below.

Board of Directors

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	8	8	9	9
2. Asso.Prof.Dr. Montri Socratianurak	8	8	9	9

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
3. Asso. Prof. Songklod Jarusombat	8	7	9	9
4. Mr. Chupong Thanasetthakorn	-	-	5	5
5. Mr. Chalee Suksawad	8	8	9	9
6. Mr. Wanlop Suksawad	8	8	8	9
7. Mrs. Waraporn Suksawad	8	8	9	9
8. Mr. Arak Suksawad	8	8	8	9
9. Ms. Tippawan Suksawad	8	8	9	9

Note : The Annual General Meeting of Shareholders held on April 8, 2016, approved the appointment of a new director, namely Mr.Chupong Thanasetthakorn, assuming a position of the Independent Director and resigned from the Board of Directors held on November 18, 2016.

Audit Committee

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	4	4	4	4
2. Asso.Prof.Dr. Montri Socratyanurak	4	4	4	4
3. Asso. Prof. Songklod Jarusombat	4	3	4	4

Risk Management Committee

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socratyanurak	2	2	2	2
2. Asso. Prof. Songklod Jarusombat	2	2	2	2
3. Mr.Chalee Suksawad	2	2	2	2
4. Mr.Arak Suksawad	2	2	2	2

Nomination Committee

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso. Prof. Songklod Jarusombat	1	1	1	1
2. Mr.Chalee Suksawad	1	1	1	1
3. Mr.Arak Suksawad	1	1	1	1

Remuneration Committee

Name of Director	Yr 2015		Yr 2016	
	Number of meeting	Number of meeting	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socratyanurak	1	1	1	1
2. Mr.Chalee Suksawad	1	1	1	1
3. Mr.Arak Suksawad	1	1	1	1

Director's remuneration in the past 2 years (during 2015 – 2016) as shown below.

All of Committees

Name	Yr 2015				Yr 2016			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Therdsak Marom	480,000	65,000	120,000	665,000	552,000	98,000	120,000	770,000
2. Asso. Prof. Dr. Montri Socratyanurak	420,000	80,000	120,000	620,000	492,000	119,000	120,000	731,000
3. Asso. Prof. Songklod Jarusombat	360,000	70,000	60,000	490,000	430,000	112,000	60,000	604,000
4. Mr. Chupong Thanasetthakorn	-	-	-	-	135,000	35,000	-	170,000
5. Mr. Chalee Suksawad	180,000	65,000	60,000	305,000	216,000	91,000	60,000	367,000
6. Mr. Wanlop Suksawad	180,000	45,000	60,000	285,000	216,000	63,000	60,000	339,000
7. Mrs. Waraporn Suksawad	180,000	45,000	60,000	285,000	216,000	70,000	60,000	346,000
8. Mr. Arak Suksawad	180,000	65,000	60,000	305,000	216,000	84,000	60,000	360,000

Name	Yr 2015				Yr 2016			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
9. Ms. Tippawan Suksawad	180,000	45,000	60,000	285,000	216,000	70,000	60,000	346,000
Total	2,160,000	480,000	600,000	3,240,000	2,691,000	742,000	600,000	4,033,000

Audit Committee

Name	Yr 2015				Yr 2016			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Therdsak Marom	180,000	20,000	none	200,000	276,000	28,000	none	304,000
2. Asso.Prof.Dr. Montri Socratyanurak	120,000	20,000	none	140,000	216,000	28,000	none	244,000
3. Asso. Prof. Songklod Jarusombat	120,000	15,000	none	135,000	216,000	28,000	none	244,000
Total	420,000	55,000	none	475,000	708,000	84,000	none	792,000

Risk Management Committee

Name	Yr 2015	Yr 2016
	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	10,000	14,000
2. Asso. Prof. Songklod Jarusombat	10,000	14,000
3. Mr.Chalee Suksawad	10,000	14,000
4. Mr.Arak Suksawad	10,000	14,000
Total	40,000	56,000

Nomination Committee

Name	Yr 2015	Yr 2016
	Meeting Allowance	Meeting Allowance
1. Asso. Prof. Songklod Jarusombat	7,000	7,000
2. Mr.Chalee Suksawad	7,000	7,000
3. Mr.Arak Suksawad	7,000	7,000
Total	21,000	21,000

Remuneration Committee

Name	Yr 2015	Yr 2016
	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socatayanurak	7,000	7,000
2. Mr.Chalee Suksawad	7,000	7,000
3. Mr.Arak Suksawad	7,000	7,000
Total	21,000	21,000

Management's Remuneration

Management's Remuneration	Yr 2015		Yr 2016	
	No. of persons	Amount (Baht)	No. of persons	Amount (Baht)
Salary	7	10,824,000	7	9,990,760
Bonus	-	476,000	-	773,730
Provident Fund	7	342,720	7	332,283
Total	7	11,642,720	7	11,096,773

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 Employees (excluding the management team)**

The number of the Company and subsidiaries' employee in the past 2 years (during 2015 – 2016) as shown below.

Category	Yr 2015	Yr 2016
	No. of persons	No. of persons
Full-time employee	212	253
1. Management	11	11
2. Marketing	50	102
3. Factory/Production	63	55
4. Financial & Accounting	21	20
5. Procurement	12	13
6. Personnel/Administrator	32	26
7. Store/Warehouse	8	17
8. Import/Export	11	5
9. IT	4	4
Part-time employee	849	960
Total	1,061	1,213

Note : 79.14 percent of part-time employee are factory/production division's employees and 65.95 percent of part time employees are migrants workers.

● Remuneration for Employees

Category	Yr 2015	Yr 2016
Salary, Bonus and Provident Fund	67,526,241	70,399,617
Wage	123,928,952	141,600,598
Seminar attendance fee	72,797	72,797
Total	191,527,990	212,073,012

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.

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

The meeting of the Board of Directors no. 1/2012 (first time after its juristic entity change) held on 26th October 2012 has the resolution to approve the corporate governance policy first time in writing, including modification of such policy in the meetings after that. The policy is based on the principles of good corporate governance of SET in order to have a transparent operation in every level; from operational level, executives, and the Board of Directors. This is to rise the competency and competitiveness for sustainable growth in the future, leading to long-term benefit for shareholders, customers, and public. After the approval of corporate governance policy first time in the meeting, including modifications on importance details and good governance practice made after that in order to face challenges in the future, the details divided into 5 sections of corporate governance policy are as follows;

Section 1: Rights of Shareholders

The company prioritizes the right of shareholders and the equitable treatment of all shareholders. Such rights cover fundamental ones such as the selling and purchase of shares, the profit sharing, the information accessibility, right to vote in the shareholders’ meeting to appoint or remove the director, nominate auditors, and other matter that may impact the company such as dividend payment, determination or change of regulation and articles of association, the decrease or increase of company capital, etc. Apart from such rights, the company determines additional measure to facilitate the use of right of shareholders as follows.

- 1) The company shall disclose the agenda of the meeting on our website before sending a document. The company shall notify a shareholders' meeting invitation letter at least 14 days prior to the meeting date. The letter containing day, time, venue, agenda, including document related to the meeting and other regulations used in the meeting and right to vote of shareholders and other rights.
- 2) In the case where the shareholder cannot attend the meeting, the shareholder may make a letter of consent to independent director and any individual to attend the meeting on behalf of the shareholders by using the consent letter form provided attached with invitation letter of the company.
- 3) The company shall not waive, nor reduce the right of the shareholder to study on the business of the company that has been disclosed in regulations of registered company, including information related to agenda in shareholders' meeting. The company shall not add the agenda and change important information without prior notice, nor distribute important information shortly before the meeting, etc.
- 4) The company shall provide an opportunity to shareholders to propose agenda, questions and suggestions prior to the meeting. The company shall allocate the meeting time appropriately to discuss, question and make a suggestion to the agenda independently. The company shall provide information and details sufficiently to all shareholders.
- 5) The company shall provide opportunity to minor shareholders to submit the agenda prior to the meeting date according to the practice of SET. Besides, the minor shareholders have the right to propose the eligible candidates to hold a position of director according to the procedures of the company.
- 6) All directors must attend the meeting except in case of necessity, so that shareholders can question about subject discussed.
- 7) After the meeting, the company shall make a correct and complete minutes of meeting for the shareholders to review. The details of voting procedures, name list of directors, sub-committees, and executives attending the meeting, and voting results in each agenda, including questions and answers shall be disclosed in public on company website.

Section 2 : Equitable Treatment of Shareholders

The equitable treatment of shareholders of the company shall be performed to executive, non-executive shareholders, major and minor shareholders equally and fairly so that the shareholders will be confident that the Board of Directors and Management of the company well control the use of shareholders' fund appropriately. The company has organized the measures for equitable treatment of shareholders and protects fundamental rights equally.

In the shareholders' meeting, the company will provide an opportunity to shareholders to propose the candidate name to be the director within the appropriate time prior to the meeting, including shareholders who are not able to attend give the right to their representative to vote on behalf. Besides, the company shall show the invitation letter on the website of the company at least 30 days prior to the meeting date. The meeting program shall be according to company regulations and agenda. The company shall provide sufficient and clear documents related to such agenda. The company shall not add an agenda except in case of necessity, particularly the subjects that the shareholders need time to study on it. The company shall not show bias against a certain group of shareholders by giving specific information which is not officially published. In the

case where the directors and executives are stakeholders, they shall have no right to attend the meeting to discuss such subject and take part in making resolution of such subject.

The company also has preventive structure in the case where the directors, executives, officers, and employees to utilize information for their own or other benefits illegally. The measures are made in writing and informed to every related persons. To accomplish our follow up and monitoring method to ensure that no one can use internal information for their own benefit, the Board of Directors shall monitor the communication and consider the punishment in case of regulation breach. The Board of Directors appointed Managing Director to consider punishment as per the agreed punishment procedures. Besides, the company informed the directors and executives to know the responsibility for reporting the change of share possession both held by themselves or their wife or minor children to the company and Security and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) according to section 59 and punishment according to Security and Exchange Act, B.E. 2535. The company also ruled that the company directors, executives to report their own interest and matters that may lead to a conflict of interest and comply with regulations of Securities and Exchange Commission (SEC) accordingly.

Section 3 : Roles of Stakeholders

The company focused on controls all stakeholders such as customers, officers, business partners, shareholders, investors, creditors, and the community where the company is located, etc. The stakeholders shall be protected by the company according to related law. Besides, the company realizes the importance of benefit of community, society and environment for a sustainable growth, also will fight against the corruption or whatsoever illegal act and the intellectual copyright violation, and respect to human right.

The company shall not violate any intellectual property right of stakeholders according to the law and agreement. The company created a measure that promotes the participation of stakeholders to support the company operation result in order to have a smooth operation and sustainable business, and fair profit sharing to all stakeholders. We also have communication channels for stakeholders to communicate, suggest or inform of matters that may impact the company, correctness of financial reports, and claim of unfair matter. They may send information about that to the Board of Directors through independent director or audit committee members.

The company has measures to promote the cooperation between company and stakeholders to create wealth, financial stability and sustainable operation as follows.

- We realize the importance of employees in every level by treating each of them equally and fairly and compensate a payment appropriate to the knowledge and ability of each employee, along with the focus on developing competency and knowledge incessantly, also the environment in a workplace. We focus on developing safety and life quality of employees.
- The purchase of service or products shall be in compliance with trade condition strictly so as to establish a long-term positive relationship of both trade sides.
- We shall strictly comply with loan condition as per the agreement made with financial institute.

- We care the customers and are responsible for the product quality, good service, product standard, customer's information confidentiality policy, fair and equal pricing as per the pricing policy.
- We will perform the operation within the conditions and the good practice of business competition, avoid all illegal action being intended to destroy the competitors.

We give importance and are responsible for community and surrounding societies, have promoted activities for public interest, supported activity for a better environment and life quality and always donated money for community charities.

Section 4 : Information Disclosure and Transparency

The company focuses on information disclosure; the Board of Directors shall monitor every disclosure of confidential information on company, finance, or other issues to be disclosed completely, correctly, consistently and transparently as per the law. The information to be disclosed is composed of financial reports that have no impact on the stock price as stipulated in regulations of SEC and SET.

The company shall monitor the financial reporting process to ensure the correctness of such reports according to general accepted accounting standard. The reports shall be reviewed by independent auditors and have approval from SEC and SET. We also set an internal control unit to monitor the operation in the company under the concept "check and balance" and the company structure.

The Board of Directors also establishes a public relation unit to communicate with investors and third party, provide useful information to shareholders and investors fairly and equally. The examples of communication issues are as follows;

- Disclosure of important information to investors,
- Explanation in case of rumor or news related to company
- Action taken when purchase and selling of share becomes in an abnormal situation
- Meeting with security analysts
- Activities such as company visit of investors and analysts.

The communication with investor relation department can be made via a call service Tel. 02-152-7301-4 ext. 212 (investor relation) or Email: ir@eastcoast.co.th and our website www.ecf-furniture.com or www.elegathai.com

Additionally, the company provides following information to show our transparency in operation.

- Disclose the performance report of the Board of Directors and audit committee such as the number of meeting held in a year and attendance of each directors in the past year.
- Disclose the policy of compensation to the directors and executive, including the structure of the compensation.
- Corporate governance policy
- Society and the environment policy
- Business Ethics (Code of conduct).
- Shareholders structure
- Structure of Board of Directors.

- Vision / Mission
- Annual reports
- Financial reports
- News published disclosed to SET

The information above shall be disclosed to public through communication channels as stipulated by SEC and SET and our website. In addition, the company organized an evaluation of efficiency of information disclosure from time to time so as to improve the disclosure process and ensure a communication efficiency that covers all related persons and on a timely basis.

Section 5: Responsibilities of the Board of Directors

The Board of Directors is composed of knowledgeable and capable person having difference experience in business operations for the development and the stipulation of policy, vision, mission and activities for development of the company annually.

The Board of Directors of the company have the freedom to make decisions for the best interests of the business and shareholders, and play important role in defining company policy, supervising, tracking and monitoring the performance of the Management and evaluating operations of the business based on expected plans. The Board of Directors is composed of 8 directors; 4 managerial directors and 4 non-management director of which 3 of 4 are independent directors. The company select independent director based on criteria which are more strict than one stipulated by SEC and SET. 3 independent directors take part of more than one-third of all directors in order to balance the authority property. The audit committee comprises 3 independent directors. The tenure of position is 3 years. The scope and authority of the Board of Directors are mentioned in charter of audit committee.

Besides, regarding resolution of the company, there is no resolution voted by less than two-third of all directors. In the year 2015, the meeting determines that at least two-third of directors shall constitute a quorum.

The company appointed a Company secretary to perform duties as stipulated by the law or assigned by the Board of Directors. The qualification of the secretary is composed of proper knowledge in scope and duties of Company secretary. The selected person will participate in trainings for improvement of company secretary skill and secretarial duties.

The Board of Directors defines the corporate governance policy, business ethics and code of conduct for directors, executives and employees of the company to respect and perform in the same direction.

The company has a clear and transparent compensation process, the compensation committee will propose the compensation method for an approval from shareholders. The consideration of appropriate rate of compensation depends on the responsibility scope of each directors. The rate must be good enough to attract knowledgeable people to work for the company. The rate must be similar to one in the same or similar industry. Besides, the company has the policy to promote and support the directors to have trainings to improve the knowledge useful for their duties.

The Board of Directors will set a meeting schedule every year. The Board of Director shall receive the documents related to the meeting at least 5 days prior to the meeting date. In the meeting each director has a freedom to express their opinion. The director shall have no right to discuss the issues of which he/she is stakeholder. The directors shall be responsible for attending every meeting except in case of necessity. In the meeting the director shall consider whether to invite Chief Executive Officer to the meeting to provide more information regarding issue discussed in order to carefully consider every issue with complete information.

The Board of Director provides an opportunity to non-management directors to set up an exclusive meeting of non-management directors, without managerial directors. The result of meeting shall be reported to Managing Director.

Besides, the Board of Directors has policy of promoting an additional information accessibility of all directors as necessary through Managing Director, Company Secretary, or assigned Directors. In case of necessity, the Board of Directors may organize a meeting with specialists or professionals approved by SEC, or other independent experts to have more opinion on issue discussed. The meeting shall be at cost of company.

The Board of Directors is circumspect about setting a reasonable preventive measures to avoid conflict of interest which is in accordance with regulations of SEC and SET. Besides, the company informed the directors and executives to know the responsibility for reporting the change of share possession both held by themselves or their wives or minor children to the company and Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The copy of such reports shall be sent to company secretary to declare in the meeting of Board of Directors to inform all directors of purchase and selling of securities. Besides, for company directors and executives, the report of their stakeholder or related persons' shall be sent to the company as stipulated by the related monitoring authorities.

The Board of Directors shall supervise and define an appropriate compensation for each director according to duties and responsibility, and the rate of other company performing similar business group. In the meeting of Board of Directors no. 2/2558 held on 27th February 2015, the meeting has a resolution to appoint compensation committee members. The criteria of compensation consideration shall be based on performance of the company in the previous year, the performance, responsibility and benefit that the company acquired from his/her duty. The compensation base will be compared with one in the company having similar revenue and net profit.

The compensation shall be varied by the business section as announced by MAI stock exchange market which gathers the compensation information of directors and executives of companies registered in 2014, published by SET.

Additionally, the Board of Director approved a nomination committee at the same time as compensation committee. The nomination committee shall propose to the Board of Director the compensation and criteria for an annual performance evaluation of Managing Director. Such criteria shall be based on the long-term and short-term company goal. The evaluation result shall be used to determine the compensation rate of Managing Director.

Each company director shall understand their duties and responsibility as a company director and express their opinion freely and train themselves to know updated information, perform their duties with

honesty and prudence including fairness to gain maximum interest for company. Furthermore, the company directors shall dedicate themselves to properly serve the company with their best of knowledge and ability. They shall attend every meeting of Board of Director except in case of necessity. For new Directors, the company shall organize an orientation about business activities to ensure their knowledge and understanding in the business operation and readiness to be a Company Director.

In addition, the Board of Directors focuses on sufficient disclosure of information to shareholders, investors and all relevant individuals. The correctness, completeness and transparency of the information shall be ensured and the reports shall be notified to all relevant persons and on a timely basis. The reports about finance, operation result and other issues related, including information that may impact the stock price shall be prepared as stipulated in Good corporate governance principles. The information disclosed to shareholders, investors and relevant persons for a proper investment decision. The communication shall be made through mail, published materials of SET, SEC and company website.

Sub-Committee

As of December 31, 2016, the Company has had five subcommittees to help in corporate governance of the Company as follows.

1. Audit Committee
2. Executive Board
3. Risk Management Committee
4. Nomination Committee
5. Remuneration Committee

Nomination and appointment of Directors and Managing Director

• Independent Directors/ Audit Committee

Independent directors/ Audit committee shall be appointed by the Board of director with the approval of company shareholders. Their qualification must be in accordance with the laws related to securities and stock exchange, including announcement, regulations and/or rules of securities market. At least 3 directors are required, one of them must be knowledgeable in accounting and finance.

Definition of Independent Committee of the Company

1. 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.

2. 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

3. 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.

4. 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.

5. 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

6. 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

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

8. 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

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

After having been appointed as Independent Director with qualifications complying with the criteria under 1 to 9 mentioned above, the Independent Director may be assigned by the Board of Directors to take part in the business decision of the Company, its subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

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 Top Management**

1. The nomination committee has considered the qualifications of company director are as follows.

- 1.1 In accordance with the qualification as stipulated in Section 68 of Public Company Limited Act, B.E. 2535 and relevant announcements of SEC and SET.

- 1.2 Having specific knowledge of and experience in the field that is useful for company business.

- 1.3 In case of a former director to be reelected to hold the position of director, his performance during his office shall be evaluated. Also the number of registered companies in which he/she holds a position of director; there should not be higher than 5 registered companies so as to prevent problem of work efficiency.

- 1.4 For independent directors, the independence of candidate as determined in criteria of SEC and company regulations.

- 1.5 The tenure of independent directors: in the case where former independent directors to be selected to return to his/her office. The total length of his/her office from the first tenure shall not be longer than 9 years. However, if it is necessary and reasonable to appoint such person to continue his/her office, this criterion can be exempted.

A list of selected persons shall be submitted for approval and appointment in the shareholders' meeting.

2. At an annual general meeting one-third of the directors shall retire by rotation. If the number of directors is indivisible by three, the one nearest to one-third shall apply. Directors due to retire by rotation in the first and second anniversary of Company registration shall be determined by drawing lots. For subsequent years, those directors being in office the longest shall vacate his office. However, the directors who retire by rotation may be re-elected to resume their directorship.

3. In the shareholders' meeting, the vote for appointing a director shall follow the criteria below.

- 1.1 Shareholders have voting power equivalent to their share.

- 1.2 Shareholders shall use their voting power as mentioned in 3.1 to elect only one or several candidates, but have no right to unequally allocate their voting power to selected candidates.

1.3 The candidates having highest votes shall be appointed respectively according to number of directors required. In the case where the candidates have equal votes and the equal ranks exceed the number of directors required, the president of the meeting shall cast a final vote.

4. If the position of director becomes vacant due to the reason other than the termination of regular terms, the Board of Director with the resolution agreed by at least three-fourth shareholders' votes shall nominate an individual whose qualification is in accordance to the law to be as a director in the next meeting. If the remaining term is less than two months, the directors who takes the vacant position shall be in the position only within the remaining term.

5. The shareholders' meeting may have a resolution to terminate any director prior to the end of directors' tenure. The resolution must be agreed by at least three-fourth voters and the number of share must be higher than half of all shares of the company.

However, from 2015, the role of nomination of director and chief executive is the duty of the Nomination Committee which has already been appointed from the resolution of the Board of Directors' Meeting No. 2/2015 on last 27 February 2015. The duty of the Nomination Committee is to execute the following areas.

1. Consider the structure and element of the Board
2. Consider the qualification of the independent director
3. Determine criteria for nomination of director
4. Prepare director development plan
5. Prepare Position Succession Plan

Development of Directors and Executives

Every Director of the company meets the regulations of Stock exchange of Thailand. 8 directors are knowledgeable, competent and pass the Director Accreditation Program (DAP) provided by Thai Institute of Directors Association: IOD). The training program is important for the roles and responsibilities of directors. We have set the policy for the Company Secretary to send the development training information to the members of the Board of Directors to enhance the work efficiency of directors. The director shall consider and choose to attend the trainings in which they are interested.

In last year period, the Company's directors and executives that attended the training of courses to enhance and utilize knowledge for the Company's business operation included as follows.

1. **Mr. Arak Suksawad, Managing Director**, attended the trainings in the following courses.
 - Certificate of Chief Executive Course in Energy Science, Thailand Academy Energy (TAE), Class 6
 - Diploma of Bhumipalung Phandin Course for Chief Executive, Chulalongkorn University, Class 4

2. **Miss Pachanan Singphu, Accounting and Financial Director**, attended the trainings in the following courses.
 - Deeply Know and Really Know Corporate Income Tax Course, Federation of Accounting Professions under the Royal Patronage of his Majesty the King
 - Bookkeeping according to Advanced Accounting Standard Course, Federation of Accounting Professions under the Royal Patronage of his Majesty the King
 - Business Revenue-Expense and Proper Guidance according to Accounting Standards Issue Course, Chantaburi Chamber of Commerce
3. **Mr. Racha Pojariya, Factory Director**, attended the trainings in the following courses.
 - Certificate of Risk Management for QMS Course
 - Certificate of Interpretation ISO 9001:2015 Requirement Training Course

Succession Plan

The nomination committee has considered and placed the policy about 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 executives.
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 executives.

Monitoring the Business Operations of Subsidiaries

The Board of Committee has supervision measures for 2 company subsidiaries; VV Décor Co., Ltd. in which the company holds 99.50% of company share, and ECF Holdings, in which the company held 51% as of 31st December 2015, then increased the share 75% in January 2016.

However, to control the company capital, we send our representatives in the Board of Directors and executives in our subsidiaries. The scope of authority of those representatives are the same as one of Directors or Managing director in the subsidiaries. They shall take part in determining policy important to operate the business such as administration, investment issues, etc.

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 sing 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 sing 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 2016, the Company hired Mr.Phisith Cheewaruengroj, certified public accountant registration No. 2803 from M.R. & ASSOCIATES Co.,Ltd. to be the auditor of the Company and its subsidiaries. The auditor fee is 1,270,000 baht (One million and Two hundred Seventy thousand baht only).

2. Quarterly Financial Statement Review Fee (3 quarters)

Amount 714,000 baht (Seven hundred fourteen thousand baht only)

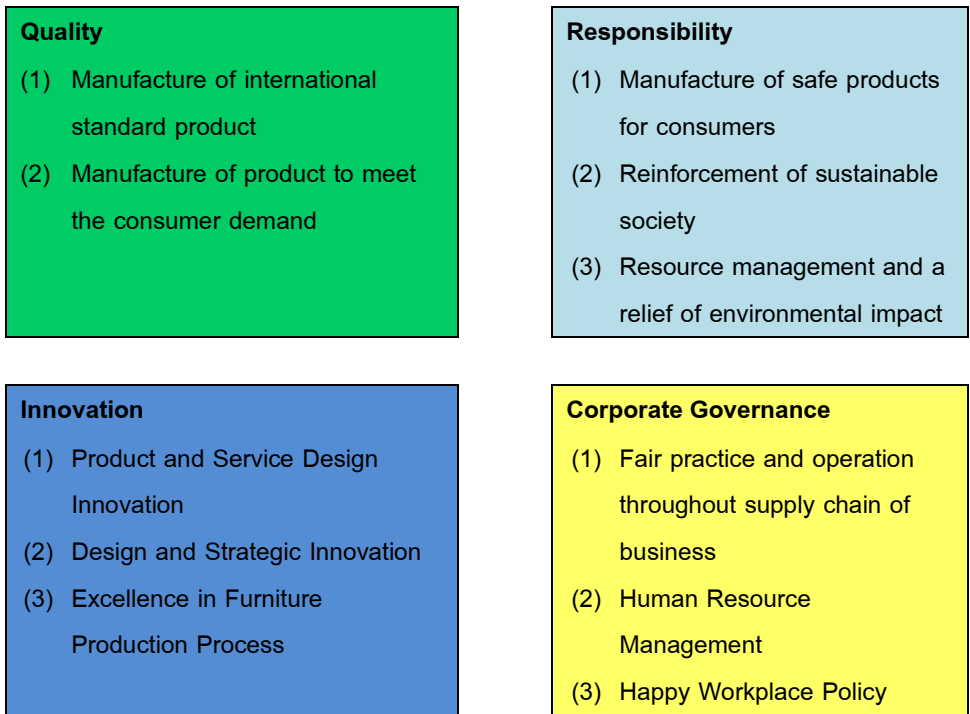
Total the amont of auditor fee is 1,984,000 Baht (One million nine hundred eithty four thousand baht only).

In 2016, the Auditor of the Company, Mr.Phisith Cheewaruengroj, certified public accountant registration No.2803 from M.R. & ASSOCIATES Co.,Ltd., has been approved by Securities and Exchange Commission (SEC) anyhow without relationship or interests between the auditor and the Company / its Subsidiaries / the major shareholders / the executives as well as people concerned with such individuals.

Corporate Social Responsibility

The Company aims for business operation under good corporate governance for strength and competitive potential reinforcement together with environmental care, social responsibility awareness, and for business sustainability development. It also concerns on both internal and external related stakeholders with vision of **“aiming at being the furniture business leader in Southeast Asia Region with excellence in management according to international standard toward maximum satisfaction”** so as to be the significant foundation leading to the Company’s sustainable growth under operation framework aiming at product quality development, responsibility, new innovation and corporate governance.

Framework of Main Business Operation Strategy



The Company has set the main strategy of business operation via risk management process and all-around assessment of stakeholder impact, emphasis on quality and balance creation whether in economic, social and environmental areas.

Sustainable Development Strategy

➤ **Develop people to build intellect together with good man with responsibility**

The Company clearly determines basic characteristics necessary to be available by in-house people and also determines the competency according to position as the guideline for work skill development of the

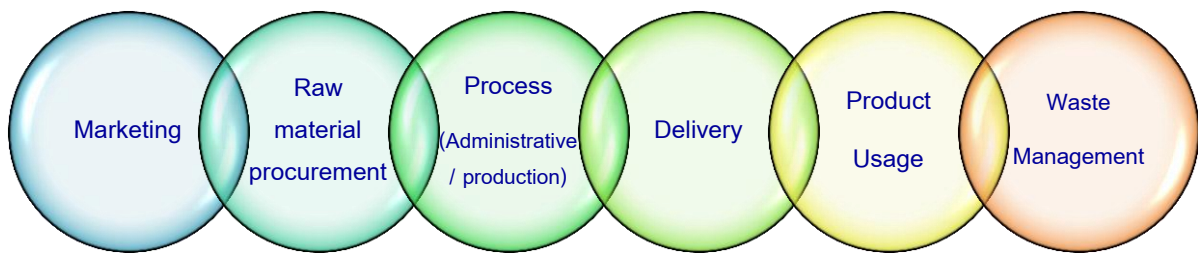


employee as well as strict enforcement of the relevant rules, regulations and laws, and creation of innovation via technology and creation for learning organization to produce intellect and good man for the Company and society.

➤ **Enhance competitive potential with quality and responsible products and services**

The Company determines target for business growth, generate sustainable value to its stakeholder, and create for competitive advantage and abate social and environmental impact in all processes.

Process to enhance competitiveness.



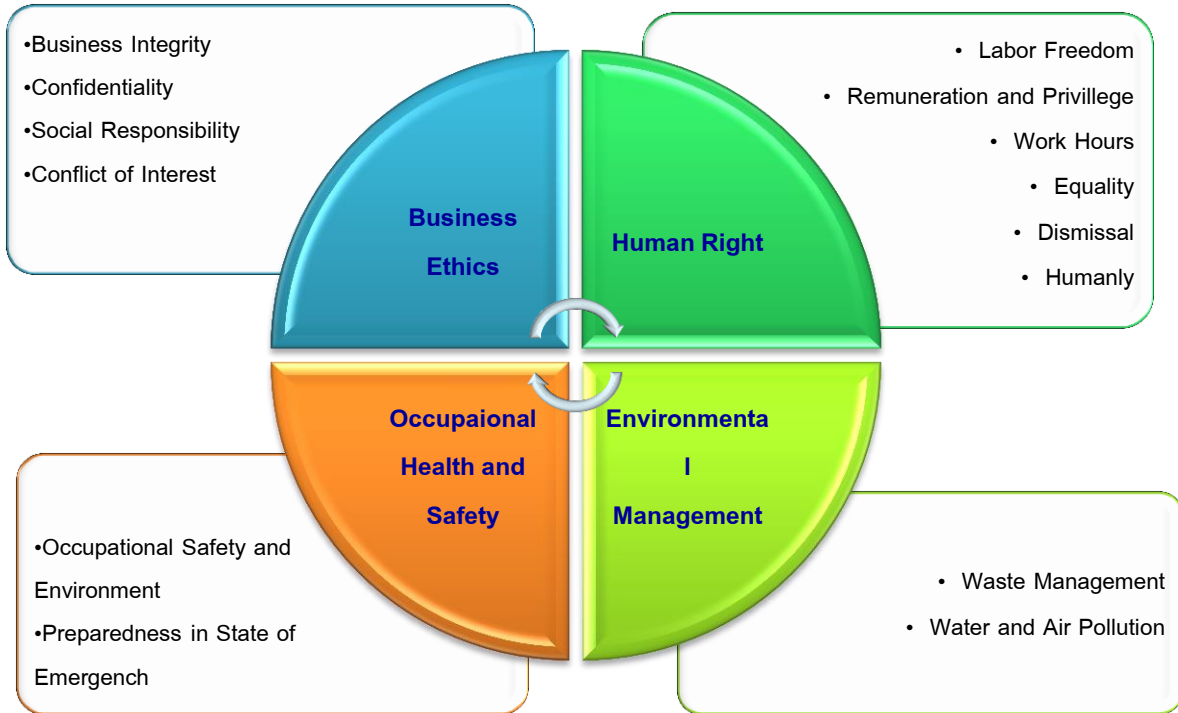
➤ **Creation of Work Life Balance for Employee**

The Company is aware of the employee significance. If the employee is simultaneously happy in working and happy in personal life, it will cause happy life that will mutually help carrying forward success, stability and progress of the employee, organization and society.

➤ **Building Trust from Stakeholder**

The Company fairly treats stakeholder, adhere to principle of code of conduct, gives precedence to contingent impact from process, hear the opinion from both internal and external stakeholders via meeting forums and channels to improve and apply for mutual benefit, and transparently and verifiably disclose the information of practice, business operation and management in various areas via annual report, website and the forum of the General Meeting of Shareholders for once a year.

Business Operation Ethics Framework



The Company has determined the framework of business operation ethics and code of conduct for director, executive and employee, and formulated the policy of operating guideline for social responsibility awareness and sustainable development as follows.

1. Code of Ethics: Responsibility to Stakeholders

Shareholder

Our policies and practices are as follows;

1. The company focuses on the fundamental rights of shareholders such as the right to purchase, sell or transfer shares, receive the profit shared, access to the company information sufficiently and on time, including the right to attend the shareholders' meeting to vote to appoint or terminate the directors, appoint accounting auditors and decide a matter that may impact to the company such as the increase or decrease of company capital, the dividend allocation, the modification of regulation, objective or articles of association, etc.
2. The company supports and facilitates the use of shareholders' right as follows;
 - Notify a meeting invitation letter at least 14 days prior to the meeting date. The letter shall indicate day, time, venue, and agenda, including related regulation of the meeting, the voting procedure and the information necessary to the decision making. The invitation letter shall be presented on website of the company at least 30 days prior to

the meeting so that the shareholders shall have sufficient time to study on the meeting agenda.

- Report important information that may affect the interest of shareholders such as financial reports, news, information on related laws and announcement and shall not commit any act that is likely to be a limitation of shareholders' right to access the company information.
 - Provide an opportunity to minor shareholders to propose meeting agenda, or a candidate to hold a position of director in the annual general meeting
 - Provide an opportunity to all shareholders to submit their questions related to meeting agenda prior to the meeting date.
 - Provide an opportunity to shareholders incapable of attending the meeting to authorize his/her representative to attend and vote in the meeting.
3. The company sets a procedure in the annual general shareholders meeting as per the good corporate governance principles and provides opportunity to question the important issues in the meeting agenda.
 4. After the meeting, the company shall disclose the voting result of each agenda on the next working day. The complete and correct meeting minutes shall be published on the company website within 14 days after the meeting so that the shareholders can review such information.
 5. The company shall use technologies in the shareholders' meeting from the attendee registration, the voting process of each agenda and the announcement of results. This is to enhance the promptness, correctness and accuracy.
 6. The company organized a company visit, a meeting of analysts and an opportunity day with investors in order to communication channels to shareholders, analysts and investors to track and acknowledge the company information.
 7. The company shall share dividend to shareholders appropriately and regularly. The payment of dividend is according to compensation policy previously determined.

Customer

Our policies and practices are as follows;

1. The company manufactures products which is safe for use and health of consumers and offer qualify aftersales service for a highest satisfaction of customers.
2. The company is committed to enhance the utility of the products to the customers.
3. The company shall operate the business with honesty and fairness and avoid commit any act likely to be a right violation of customer, and keep the confidential information of the customer and shall not use the internal information for the benefit of individual employee. The employee of the company who commits such act shall be subject to the penalty according to the law.
4. The employee of the company shall not ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners.

5. The company shall operate the business according to trade agreement. In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage in the future.
6. The company shall provide the communication channels so that the customer may send their complaint to the company. Every complaint of the customer shall be tracked and the problem shall be solved with fairness. Tel: 0-2152-7301-4 Fax: 0-2152-7305 or www.elegathai.com, www.ecf-furniture.co or Facebook fan page: ELEGA Furniture. Last year, the company succeeded in solving 90% of complaints and is now working hard to acquire higher satisfaction from the customers.
7. The company has built a good relationship and understanding, shared knowledge and mutually developed and added value to the products incessantly. To achieve this mission, our marketing team met and had a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement. Every year, the company shall organize a company visit day for retailers and dealers to see new products every year. The team also sends promotion media and regularly has a meeting with customers to discuss problems in trading process every year.

Partners and Suppliers

Our policies and practices are as follows;

1. The company shall treat partners equally and fairly. The mutual benefit is prioritized.
2. The company shall select partners conducting business legally in accordance with production, safety and environment prevention standard.
3. The company shall keep confidential information of the customer and shall not illegally use for benefit of any individual or third party.
4. The company shall build a good relationship and understanding, share knowledge and mutually develop and add value to the products incessantly. To achieve this mission, our marketing team shall meet and have a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement.
5. The purchase of service or products shall be in compliance with trade condition strictly so as to establish a long-term positive relationship of both trade sides.
6. In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage.
7. The employee of the company shall neither ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners, and shall carry themselves well to maintain proper relationship to ensure that it will not affect the decision.
8. The company has informed of communication channels.

Competitors

Our policies and practices are as follows;

1. We will perform under the framework for a fair and transparent competition. We will avoid any act that is likely to be an illegal practice to destroy the competitors.
2. We will not degrade the competitors by rumors.
3. We will not violate intellectual property right/ copyright.
4. We will not search for confidential information of our competitors in illegal or inappropriate manners.

Creditors

Our policies and practices are as follows.

1. The company shall comply with loan conditions of financial institute strictly.
2. The company shall treat every group of creditors equally.
3. The company shall administrate the business activities to build a confidence to the creditors and ensure that we are capable of repaying the debts on time, and maintain the ratio of debt to the asset as mentioned in the loan agreement made between creditors.
4. The company shall disclose correct operation result and financial status on a timely basis.
5. In the case where the company fails to repay the debt on time or fails to comply with other provision in the agreement, the company shall inform of such failure as soon as possible and propose a solution to avoid the damage.
6. The company shall organize a meeting with creditors and invite them to visit the company every year to hear the operation policy and the plan of next year and build the confidence of creditors in company business.

Employee

Our policies and practices are as follows.

1. We realize the importance of employees in every level. They will be equally and fairly treated.
2. We provide appropriate compensation according to knowledge and ability of each employee, along with the trainings to enhance competency and knowledge regularly so as to create more professional opportunity following to the ability of each employee. When HR or the employees consider that the employee should have a training or appropriate knowledge review activities, they may submit the request to HR and participated in such activities after HR considered that the trainings or activities requested correspond to the required skill.
3. The company prepares succession management with the aim to maintain efficient personnel and improve employees to be sufficiently competent to face future challenges.

4. The company focuses on environment of workplace, safety and life quality of employees. The frequency of injury occurred in the workplace is similar to last year although the quantity of work and daily worker increased. In 2015, the company organizes work manual and procedure review activities, including safety activities regularly.

Particularly, in case of employees in manufacturing section, the company determined the safety measure; all employees must wear gloves, face mask, ear plugs and safety shoes in all working hours. The safety equipment used depends on the characteristics of the work. For example, the employees must wear earplugs when working in a noisy place.

5. The company respects the human rights, dignity and fundamental rights to work, and shall not disclose confidential information of employees to irrelevant persons.
6. The company shall treat the employees in accordance with applicable laws and regulations related to work.
7. The company shall support the equitable treatment to all employees without sex, race, skin color, religion, age, disability or other discriminations.
8. The company shall encourage the employees to take a part in the determination of work policy and company development.
9. The company shall provide appropriate fringe benefits to the employees such as medical expense, annual medical check-up, life insurance, provident fund, etc. For annual medical check-up, the company will provide it upon the commencement of work and during the year. For foreign employees, the company coordinate with social security office of Rayong province to provide information and knowledge about the coverage of social security office.
10. The company provides the opportunity for the employees to communicate and make a complaint about work. All suggestions will be considered and find the solution for the benefit of all and build a good relationship between employees in every level.
11. The company supports the participation of employees in all level in corporate social responsibility activities.

Community and Society, and the Environment

Our policies and practices are as follows;

1. The company realizes the importance to corporate social responsibility and surrounding societies, and support activities for community interests, environment and life quality. Besides, the company donated money for charities regularly as a return to society.
2. The company shall not conduct any activity that negatively impacts the society and not violate the rights of people living in the community and society.
3. The company has preventive measures to ensure that the operation of the company will not affect the community and society.
4. The company shall promote the cultural conservation and local traditions.

5. The company shall cooperate with other authorities to improve the community environment and life quality of locals.
6. The company shall operate the business in accordance with laws, regulations, environmental policy and realize the importance of prevention of environmental impacts of natural resources and environment.
7. The company shall promote environmental management system; from the use of resources sparingly, treatment, recovery and substitution measures for the surveillance and protection of natural resources and the sustainable prevention of impact on environmental.
8. The company shall raise awareness and promote the education and trainings to the employees in every level on the subject of environmental preservation.
9. The company shall promote the use of technology, machines, and raw materials which are environmentally friendly.
10. Regarding operation for environmental friendliness in the manufacturing process of the company, as our raw materials are rubber wood, particle board, materials remaining in production process.

Until now, the company has never received any complaints or had disputes with locals in community and surrounding area on the subject of environmental impact from the production process of the company.

2. Fair Trade

Since the company was established in 1999, our important policy that we are committed to is to perform a fair trade and realizes the important to the benefit of all stakeholders. We perform the business in accordance with applicable laws, regulations, rules and instructions determined by related authorities. Besides, we cultivate this principles to the employees in every level to perform their jobs with fairness and responsibility to colleagues, customers, consumers, competitors, partners, communities and society, and keep confidential information and properly use internal information, respect the human rights, including avoid any act likely to lead to a conflict of interest or intellectual property violation, and corruption. Our measures are as follows.

2.1 Promotion of Free Trade and Competition

The company defines systematic operating procedure in the product distribution system. The company distributes products through different channels of which 57% is the product exportation to foreign countries, the major customer is Japanese, and modern trade holds the second biggest share of production distribution. Each of customer has their systems of purchase, quality assurance, delivery according to agreed method and system. We are confident that our distribution system and shall not rely on one customer. In the procurement process and purchase of raw materials and other materials used in production process, the purchasing department shall compare the price, the quality and the trade terms as per the agreed criteria, so

that the partners can present their products for the company to compare. Until now, we have gained a huge advantage from our supplier comparing system.

2.2 Prevention of Conflict of Interests

The company has a policy that prohibits directors, executives and employees to utilize their opportunity of their position to gain their own benefit. Our policy is as follows;

1. The company shall carefully operate our business, particularly in the issues that may lead to conflict of interests. Our work procedure shall be based on the fairness, honesty, rationality and transparent in order to gain the highest interest for the company. The directors being a stakeholder shall have no right to vote. The company shall disclose the correct and complete information as stipulated by SEC and SET.
2. In the case where the action is necessary to be performed, the company shall treat the third party according to a good practice as a person of ordinary prudence conducts a trade with suppliers. The business negotiation shall not be influenced by directors, executives and relevant persons. The persons who are stakeholders are not eligible to approve the matter. Besides, they must comply with information disclosure policy as stipulated by relevant authorities.
3. They shall not perform any action contrary to the interests of the company, nor cause the company to lose or receive the benefit lower than expected or illegally take part in the profit of the company.
4. They are prohibited to conduct any act likely to be a competition against the company.
5. The Director, Executives, Employees, including their spouses and children, are prohibited to conduct any act to gain their own benefit with the company. For example, selling materials to company. If such action is necessary, there must be a letter indicating information related to such sales.
6. The Directors and Executives shall report their interests of themselves and persons that may have a conflict of interests.

2.3 Human Rights Compliance

The company realizes the importance of human rights compliance. We operate our business without discrimination of race, sex, age, skin color, religion, social status, education, or other status which does not impact the performance. All employees shall be protected in terms of safety at work, clean, safe and hygienic workplace. They also have the right in politics. However, they shall not use the position they hold or the equipment of the company for political purpose. We have the policy of political neutrality, we shall neither sponsor, nor support specific political parties. Besides, the company shall solve a conflict base on rule of law. We shall not conduct our business that involves child labor abuse. All employees shall be at least 18 years of age. The compensation shall be based on fairness. Every year, the company shall organize an annual

meeting in which the employees shall hear the policy of the year, including work principles from the Executives, and activities to promote harmony in the workplace.

Until now, the company has never received any complaint regarding human rights violation.

2.4 Prevention of intellectual property violation

Every year, the company shall present the design and development of products to customers. Our research and development department shall strictly avoid intellectual property violation, shall not use any property of a third party without authorization. If you found any act that is likely to be a violation of intellectual property, please send the complaint to

- 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 : cg@eastcoast.co.th or
Human Resources Department : hrrayong@eastcoast.co.th

2.5 Acting Against Corruption

The company announces the collective action coalition of Thai private sector to prevent corruptions. The plan in the future is to submit a policy of corruption prevention and create the system against the internal corruption. After the policy is approved by the meeting of Board of Directors, the company shall communicate the anti-corruption information to all stakeholders through a mail to partners, customers of the company so that they shall not offer or accept the money or gift. The company also provides an opportunity to partners and customers who are not equally treated by the company to submit a complaint for correction, and organize a meeting to ensure that all employees acknowledge the anti-corruption policy and direction from time to time.

3. Policy on business operation for sustainable development

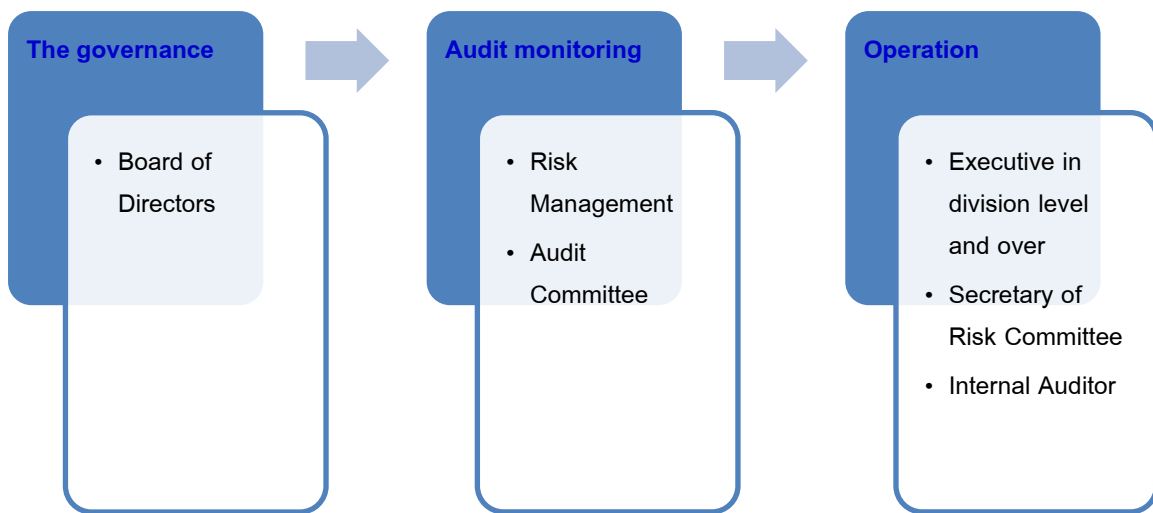
With vision of the organization, the Company has formulated the business operation strategy in last 2015 – 2016 with risk management from main business as the manufacturer and distributor of particle board and rubber wood furnitures toward the business that can generate stable revenue together with environmental care by entering into operation of alternative power plant business such as solar farm power generation

business, as well as preparation of planning for business operation in Biomass Power Plant and PV Solar Rooftop Power Plant.

4. Risk Management Policy

The Company gives precedence to risk management under concern on the factor that causes both huge domestic and foreign economic fluctuation. These factors affect consumption demand of the Company's products being classified in Group of Consumer Products. Thus, the Company shall continuously realize on management of risk that may affect its operation. The Company has determined corporate risk management structure and risk management policy as follows.

Corporate Risk Management Structure



Risk Management Policy

1. The Company operates business under acceptable risk to achieve the Company's objective and satisfy the stakeholder's expectation.
2. Risk management is determined as part of annual plan preparation.
3. The duty of every executive and employee is to take responsibility for identifying and assessing the risk of its own responsible work unit, and define appropriate measure for contingent risk management.
4. Risks that affect all of the Company's objective attainment shall be executed as follows.
 - 4.1 Timely identify risks such as type, significance level, corrective guideline, person in charge, etc.
 - 4.2 Assess the opportunity of risk occurrence and impact from such incidence occurrence.
 - 4.3 Manage risk to be consistent with the criteria of risk management under concern on related expense and gained benefit.

- 4.4 Monitor, supervise and assess to ensure that the Company's risk is properly managed.
5. Risks that may entirely affect business plan and strategy of the Company in various areas in high and very high level shall be reported to the Executive Board, Audit Committee and the Board of Directors for acknowledgement.

5. Safety, Occupational Health and Working Environment

The Company gives precedence to the employee safety for prevention of every level of employee from accident, as well as occupational sickness that will affect the operation. Work safety is the mutual duty and responsibility between the Management and the in-house employees. For cooperative and effective management, the Company therefore has established safety, occupational health and working environment unit under below duties.

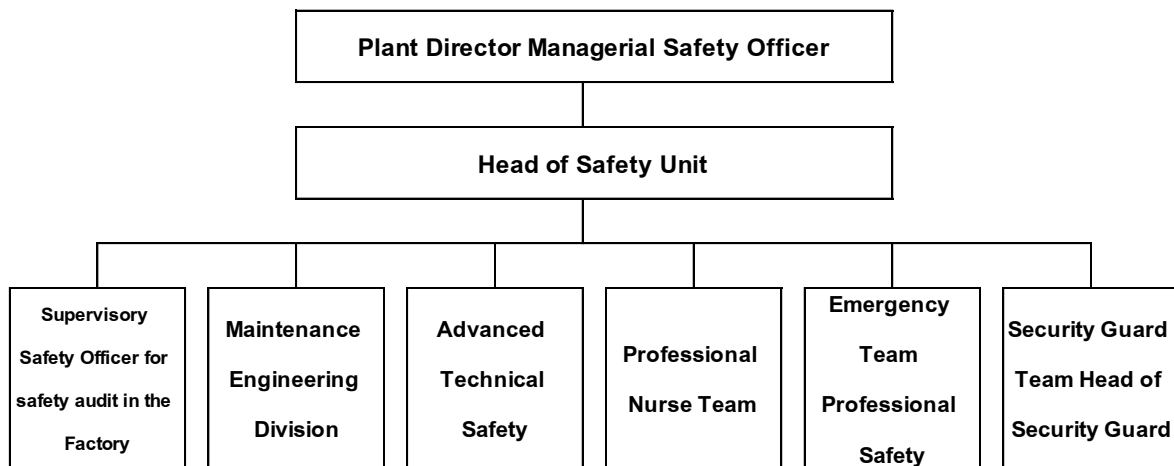
- 1) Plan the operation for elimination of risk of the business establishment and care of continuous operation.
- 2) Prepare suggestions about danger protection from accident and casualty, and control risk inside business establishment.
- 3) Prepare manual and standard of work safety in business establishment for utilization of the employee or the related person.
- 4) Define kinds of personal protective devices proper for nature of job risks and propose to the employer in order to arrange them to the employee or related person for wearing during operation.
- 5) Promote, support academic and operating areas of work units in business establishment so that the employee shall be safe from the circumstance which will encounter with danger or occupational sickness as well as control and prevention of fire and severe accident.
- 6) Arrange the training about basic knowledge and practice about work safety to the newly entrant staffs prior to operation as well as the employee who must differently work from existing job which has ever been operated and may also cause danger.
- 7) Coordinate and execute work safety with both internal and external work units of the business establishment as well as relevant government agencies.
- 8) Audit the overview of work safety system of the business establishment.
- 9) Gather the overall operation of the work safety officers in all levels, and monitor overall operation in work safety according to the policy and work plan of the business establishment as well as report the employer and the Committee for acknowledgement every three months.
- 10) Operate other work safety as assigned by the employer.

Safety, Occupational Health and Working Environment Policy

- 1) The Company shall strictly observe rules, regulations, announcements, orders and standards of safety, occupational health and working environment as prescribed by the official.

- 2) The Company shall support and promote safety, occupational health and working environment, and arrange adequate and appropriate budget.
- 3) The Company shall continuously promote safety by arranging training, providing knowledge, reviewing and drilling, as well as organizing activity in various forms for safety awareness creation to the employee to be prepared all the time.
- 4) The Company shall prepare and supply effective personal protective device for use of the employee and wear for protection based on appropriateness for nature and operation of the employee.
- 5) The Company pays attention, surveys and monitors safety issue and strict the employee to observe the rule of the Company's safety as well as strictly looks after and controls the employee to wear and use protective devices as determined by the Company.
- 6) The Company shall always improve and develop internal environment of the Company and workplace and cleanliness around the Company's area for safety and good and hygiene environment, leading to quality of work life and good health of the employee all together.
- 7) The Company gives precedence to the collaboration of the employee in observance of rule related to safety, occupational health and environment, and success of accident prevention whereas the said collaboration shall be deemed as a factor of performance assessment.
- 8) The Company deems that work safety as well as proper operating method is the duty of the employee and supervisor in every level that must be practiced and responsible.
- 9) The Company deems that every employee participates in accident prevention and environmental preservation. The Company is glad to accept suggestion and opinion of the employee and take them for consideration as well as improvement and correction of faults as appropriate for safety to the employee as much as possible.
- 10) In the event that the employee gets occupational accident, the Company shall take care and consider assisting the employee who gets accident to be able to properly live.

Structure of Safety, occupational health and working environment Unit



Overall Operation of Social Responsibility and Business Sustainability Development

The Company aims for creation of social responsibility on products and services, and environment. In 2016, the sustainability development strategy has been adjusted to be consistent with stakeholder’s demand according to the conceptual framework of the operation under emphasis on quality, social responsibility and good corporate governance in various areas as follows.

➤ **Quality Economy and Good Corporate Governance**

The Company always gives precedence to good corporate governance whereas “policy for good corporate governance” is prepared in writing as the practice of the director, executive and employee in business operation. The Board of Directors also appoints “Nomination Committee” and “Remuneration Committee” to perform the duty in governing the organization for good corporate governance as well as consider updating annual policy for good corporate governance every year according to the internal standard.

In communication, the Company has prepared the manual of the policy for corporate governance and business operation ethics by informing the employees for acknowledgement in new employee orientation day and publicizing on the Company’s website.

Corporate Governance Policy : <http://www.ecf-furniture.com/page-12172-Corporate-Governance-Policy.html>

Business Operation Ethics : <http://www.ecf-furniture.com/page-12174-Code-of-Ethics.html>

1. **Good Corporate Governance**

The Company determines to assess the performance of the Board of Directors at least once a year. In 2016, the average score of performance assessment was in good criteria. In 2016, the Company has still been able to maintain level of good corporate governance assessment score by Thai Institute of Directors (IOD) in very good score level (4 stars) for two consecutive years. Total number of companies in Mai Group has been 195 companies or 33% of total number and ranked Top Quartile for 1 of 48 top companies with highest score in the group whereas Market Capitalization has been from Baht 1,000 – 2,999 million.

Overall Average Result Score for 2016

Overall Listed Company	SET100 Index	SET50 Index	ECF
78%	86%	88%	84%

In addition, the Company always arranges annual performance assessment of the organizational chief executive for at least once a year every year. The executives shall consider reviewing achievement and obstacle aspects during last year. The Company Secretary shall submit performance assessment form of the



chief executive to every director except chief executive to assess annual performance. After completion of the assessment on each committee, assessment form shall be returned to the Company Secretary to gather score result and summarize assessment analysis result in the year.

In 2016, the Company Secretary submitted assessment form to every director on 26th December 2016 that the assessment topic in various areas was concluded as follows: (1) leadership, (2) strategy formulation, (3) strategy implementation, (4) planning and financial operating result, (5) relationship with the Board, (6) external relationship, (7) personnel management and relationship, (8) position succession, (9) product and service knowledge, (10) personal characteristics.

2. Anti-Corruption

In last year, the Company notified the employees in all divisions for acknowledgement about the primary principle of protection and anti-corporate corruption by filling the guideline and practice for primary anti-corruption in employee manual in the topic of “Discipline and Disciplinary Punishment or Complaint”, emphasizing on the matter of prohibition to receive / pay bribe from the Company’s customer / business partner, and not involve in perform any act which is regarded as corruption for giving and/or receiving the bribe of the government or any private agency to acquire personal benefit or competitive advantage. The policy for whistleblowing or complaint with all parties of stakeholders has been prepared. The following channels can be contacted or complained in the matter which is the offence.

- 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 2016, 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. Business Operation for Sustainable Business Development

In 2016 period, it has been the year that the Company has had the big progress on operation of alternative power plant business according to the policy for the Company's requirement in risk diversification from main business to the business that can stably generate revenues and help in environmental preservation and energy conservation according to sustainable business development guideline under details in each area as follows.

3.1 Solar Farm Power Plant

ECF Tornado Energy Godo Kaisha ("ECF Tornado") has been incorporated with proportion for 51% of shareholding via the Company's subsidiary which is ECF Holdings Company Limited (ECFH) with 75% for the Company's shareholding proportion in ECFH. ECF Tornado has been incorporated for investment expansion in Japan for solar power plant project with approximately 1.5 MW of installed production capacity. The project is located at No. 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan. The commercial operation date has already been commenced since last 21st December 2015. It is the pilot project. If additional feasibility study for investment in othe project is conducted and return on investment is worthwhile, the Company may consider further expand the investment for solar farm power plant in Japan.

However, in 2016 period, the Company gained the opportunity of offering for sales of the project of solar farm power plant. This can generate profit from sales of the project for this time of investment whereas Sales Contract for Solar Farm Power Plant Project at Himeiji City has already been entered since 19th August 2016. The sold asset's net selling price from related tax was around Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales or approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of such asset was due to consideration on profit that will be gained when compared with approximately 8% per annum of return on investment from the project operation for 20 years of project operation duration.

3.2 Biomass Power Plant

The Company restructured business operation for the group of companies to build clarity of energy business operation. The Board of Directors' Meeting No. 1/2017 on 12th January 2017, resolved to consider grouping of East Coast Furnitech Group of Companies by approving the incorporation registration of an additional subsidiary which is ECF Power Company Limited to be the investor in energy business under initial registered capital of Baht 1,000,000 (One Million Baht Only), being classified into 100,000 ordinary shares at par value of Baht 10 per share. East Coast Furnitech Public Company Limited is the shareholder in the proportion of 99.99%. The business operation policy is to invest and operate all types of energy businesses such as biomass power plant, solar farm power plant and others. ECF Power Company Limited has already been registered for incorporation on last 16th January 2017 and informed to change the name of the investor in the company which is Safe Energy Holdings Company Limited that is the operating joint venture consisting of three major shareholders in total. Each major shareholder is differently expert in each field and consists of Prize of Wood Green Energy Group of Companies whereas Safe Energy Holding Company Limited is the joint venture used for investment in biomass power plant project.

On last 13th February 2017, the Board of Directors' Meeting No. 2/2017 resolved to approve the investment in biomass power plant project of Prize of Wood Green Energy Company Limited ("Project" or "PWGE") where is located at No. 149 Village No. 3, Kayu Khla Sub-district, Waeng District, Narathiwat Province, with 7.5 MW of installed production capacity. Safe Energy Holdings Company Limited ("SAFE") which is the associated company of the Company to be investor. *However, it was anticipated that the dealing can be completed for execution within the second quarter of this 2017.*

3.3 PV Solar Rooftop Power Plant

Primarily, the Company can completely supply roof areas to supply approximately 10 MW of power production capacity. In the following procedure, the Company and Gunkul Engineering Public Company Limited (GUNKUL) under Memorandum of Understanding (MOU) for Business Operation shall apply for license of the proposer for sales of power to the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA), respectively.

Thus, in part of the Plan of PV Solar Rooftop Power Plant Project, it has been under waiting for clarity from the government sector in issuing the formal announcement of the criteria for selection of application and proposal for sales of power accordingly.

According to the progress of all of the said alternative energy projects, the Company has determined growth target with sustainable valuation for the business under future revenue restructuring from previous one with main business which is being the manufacturer and distributor of particle board furnitures and rubber wood furnitures. In the future, if the participation in auction for acquisition of Power Purchase Agreement with government sector is successful, it will affect revenue structure of the Company's business group to have more revenues from alternative energy business that will create the secure revenue channel and abate risk from competitive condition problem of furniture business that may be increasingly severe in the future.

4. Risk Management

For the Company's operation to be consistent with the corporate vision in will as the furniture business leader in Southeast Asia Region with international standard management excellence toward maximum satisfaction. In last 2016, the Company executed according to corporate risk management guideline in various areas as follows.

4.1 New Customer Risk

Last year we focuses on selecting domestic and foreign customers based on the credibility to avoid bad debts.

- Domestic customer: there shall be a financial statement, a review of document verified by the Ministry of Commerce. The credit terms and payment shall be appropriately based on customer's liability.
- Foreign customer: there shall be a financial statement, with 2 payment method: Letter of Credit (L/C) and T/T only.

4.2 Risk of currency exchange fluctuations

To handle the risk, the company makes a forward contact with the credit amount close to expected income to ensure that the amount purchased will not be excessive. The purchase will be a short-term one to prevent the risk. The credit amount shall be compared with value of order received to ensure the stable cash flow. Furthermore, the accounting and finance shall prepare a forward rate report that compares a credit of each month showing results of buying and selling of foreign currency in order to plan the future operation. The company shall prevent the risk of currency exchange as much as possible. This is because most of the income is from exportation to foreign countries. In addition, the company has set policy to establish a team to observe the currency exchange and report the reason of the fluctuation.

4.3 Risk of Fire and Operation

In 2016, the company has reviewed and bought an insurance for plants, office buildings, machine, equipment, finished product, raw materials, showrooms and transportation. We reviewed the value of asset and the insurance coverage to see whether the coverage is equal to the asset value or not. We also set up a security team and organized fire training and fire drill from time to time. We have a status checklist to ensure that the security equipment such as water tank, fire extinguisher, water pipe, etc., is still in a good condition. We installed a signboard for safety with preventive measure and determine a safety rule that the employees must wear safety shoes, helmet, and other safety equipment during work, and make a report of accident.

➤ Quality Society

The Company pays attention and wishes all employees to be sustainably happy, proud of belonging to the Company as the big family as if the second home, and prepared to share happiness toward the surrounding society under the Company's emphasis on employees and society in various areas as follows

1. Employee Safety and Health

Employee Health

The Company gives precedence to care and maintenance of the occupational environment under main concern on work safety and quality of life of the employee. The Company's target is to reduce number of occupational accidents to be zero accident.

Summary of Number of Occupational Accidents for 2016

Severity/Damage	Number of Times	Treatment	
		Referral to Hospital	Referral to Hospital
Insignificantly Injured (No Day Off)	5	1	4
Moderately Injured (Day Off)	3	1	2
Severely Injured (Day Off)	1	-	1
Total	9	2	7

From Table for Summary of Number of Occupational Accidents in last 2016, the frequency rate of the employee injury was in declining level even though work load and number of daily labors increased from before. In this 2016, the Company has reviewed safe work manual and work procedure and method under continuous control for compliance with safety manual.

Particularly in the event of the employee that performs his or her duty in production process, the Company has the practical guideline for safety by the way that every employee shall always wear glove, mask, ear plug, and canvas shoes during operation by considering from work process responsible by each staff in those important work sections such as if operating in noisy area, the employee shall wear ear plug, etc.

Safety Promotion Activity

First Aid and Rescue Training and Traffic Training



Traffic Training



Employee Health

The Company gives precedence to health care of the employee since good health is the significant factor that the employee can effectively perform his or her responsible duty. The Company has arranged for medical examination such as annual medical examination service and vaccination service, etc.

Health Promotion Activity

Health Consulting and Vaccination Service for Employee

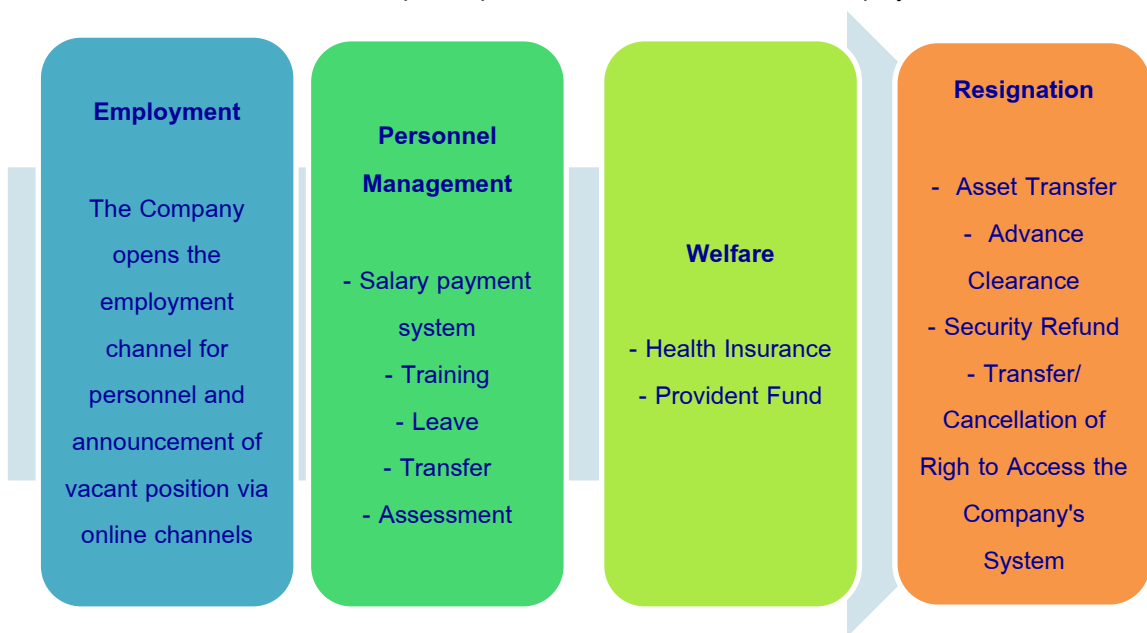


2. Employment, Development and Care of Employee

The Company aims at and given precedence to care of the employee to live comfortably and to be good man, and simultaneously develop skill, knowledge and competency for creation of “intellect” and “good man”

Employment

The Company gives precedence to the employees and human resource management and improves human resource management procedure to be consistent with employee and social responsibility concept from recruitment, selection and development process until termination of the employee condition as follows.



Basic Right Gained by the Employee

Employee Welfare	Employee-Classified Welfare		
	Regular Employee		Regular Employee
Salary	✓	✓	✓
Overtime Pay	✓	✓	✓
Holiday	✓	✓	✓
Leave (Sick Leave, Personal Affairs Leave)	✓	✓	✓
Medical Fee (Health Insurance)	✓	✓	
Annual Medical Examination	✓	✓	
Assistance to the Casualty or Sick Person due to Working for the Company	✓	✓	✓
Provident Fund	✓		
Employee Uniform (particularly for three shirts per year)	✓	✓	
Child Scholarship	✓		
Funeral Allowance	✓	✓	✓
Expense of Patient Gift Purchase	✓	✓	✓
Discount of Product Price for Employee	✓	✓	
Domestic Travelling Expense	✓	✓	✓
Foreign Travelling Expense	✓	✓	✓

Employee Development and Care

In last 2016, the Company participated in the project for development and promotion of knowledge management to support Happy Work Place in order to create balance between personal life and working for organizational personnel under target of sustainable happiness creation and preparedness to share happiness into external society. The mechanism of Happy Work Place consists of happiness box in 8 respects as follows.

- 1) Happy Body The Company campaigns the employees for health care, exercise promotion, and useful eating so that the employees are healthy with happy and joyful mind, affecting effective operation of the employees.
- 2) Happy Brain The Company promotes the employees to always seek knowledge and develop oneself from source of learning and opportunities, leading to skill development and affecting job progress. The Company also regularly organizes training course for the employees.
- 3) Happy Family The Company foresees the significance of the family institution. When the employee has warm and secure family life, it will promote the creation of family connection and good relationship between employee family and organization.

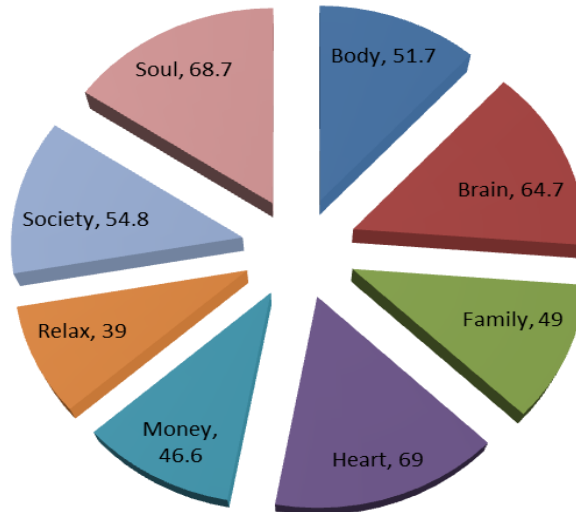
- 4) Happy Heart The Company campaigns generosity and hospitality to be the promotion of generosity and helpfulness in workplace so that the employee will have love and harmony such as article sharing and cultivation of giving society.
- 5) Happy Money The Company supports the employees to know about saving and financial management in order to have savings, know to spend and not to owe debt, to be the promotion of saving spending with savings for use in reserve.
- 6) Happy Relax The Company promotes the employees to know about relaxation on something to be the creation of enjoyment, relaxation of fatigue and work stress, helping the employee to have good morale, and resulting in the employee's opportunity of good mutual relationship creation such as mutual grouping for eating and discussing in relaxed atmosphere.
- 7) Happy Society The Company promotes social coexistence both in the Company and surrounding society to be the promotion of love and harmony, hospitality toward the workplace community and residential community, and assistance of surrounding society. If the surrounding society is happy, the organization which is in that society will be also happy.
- 8) Happy Soul The Company arranges the activity related to the holy days and important traditions for employee participation and faith in religion, cultivation of living morality to be the promotion of virtue and ethics for employees so that the employees will be happy, peaceful in mind and peacefully coexist.

The Company has started to measure employee happiness level with Happinometer and measure happy workplace prior to commencement of the project to be statistical data in analysis on the problem aspects and use as comparative data for development of happiness of the organizational people and organizational improvement under below score result.

Indicator of Employee Happiness for 2016

Happiness Dimension	Body	Brain	Family	Heart	Money	Relax	Society	Soul	Overview (Average)
Score	51.7	64.7	49.0	69	46.6	39	54.8	68.7	55.44

Diagram of Average Happiness Score in Individual Dimension (Corporate Overview)



From above summary result, the indicator of employee happiness for 2016 was average at 55.44% to be in "happy" level. The significant issue that must be urgently improved is the topic of Happy Relax, Happy Money and Happy Family. From analysis from such score result, the finding indicated that most of employees have been under job stress, lack of stress relaxation skill, lack of knowledge and comprehension of financial management and time allocation to family.

The result from this time of measurement has been the crucial planning data for preparation of the projects to satisfy the employee demand and to respond question in consistency with the problem aspect. The target is to improve happy workplace level to be happy workplace. The level of average score in every dimension was at 50% and over. In the following years, the Company will prepare the project to respond the employee happiness for improvement of average score to be continuously increased.

However, the Company realizes on the significance of human resource as the most precious thing and the important factor leading the organization toward success. Therefore, it aims for development of employee competency development together with building social responsibility awareness, and creation of sustainable happiness all-around under development in various areas.

Development of Work Skill and Knowledge and Competency

The Company has formulated the guideline for the employee skill and proficiency development as well as determination of training hours as follows.

Guideline	Method	Total Number of Hours (per Year)
On-the-Job Training	Determine necessary training standard of each position and arrange the head of each work unit for employee during actual working to perceive and understand proper work method.	<ol style="list-style-type: none"> 1. Production Unit in the Factory (not below 50 hours) 2. Marketing Unit (not below 10 hours) 3. Accounting – Finance Unit (not below 30 hours) 4. Human Resource Unit (not below 20 hours) 5. Company Secretary and Investor Relations Unit (not below 30 hours)
In-house Training	Determine the competency-based courses under below classification. <ul style="list-style-type: none"> ● Basic Course for Employee ● Specific Position-Based Competency Course ● Management Competency Course ● Other courses 	
Public Training	Delivery of employee for training in the course organized by the external institution	

Overall Operation of Training for 2016

Course	Number of Trained Hours
In-house Training	94
Public Training	166
Total	260

Training 2016



Life Skill Development

The Company promotes creation of happy workplace by establishing working group to be “happiness creator” for practice of skill as the happy workplace creator from the consultant of Association of Happy Workplace Promoters and various lecturers from associate member organization so that the working group can extend more knowledge and competency in self-creation of happy workplace creator to improve happiness of everyone in workplace toward sustainable happiness in the future accordingly. The necessary skills of “happiness creator” are as follows.

1. Able to analyze oneself and other person
2. Able to solve and prevent conflict problem
3. Able to lead activity, build atmosphere in workplace and surrounding people
4. To be the good listener and able to correctly summarize the aspect.
5. To be the good speaker and create morale to surrounding people.
6. To have good attitude and positive thinking.

The working group of happiness creator has started to execute and extend the result from learnt things toward actual practices with the projects that satisfy the employee’s demand and set regulation of happy coexistence consisting of the following.

- Punctuality
- Elder Respect
- Politeness in Manners, Words and Behaviors
- Ethics and Responsibility
- Self-Respect and Respect to Other Person

Training Attendance and Participation in Activity of Association of Happy Workplace Promoters



Extend and share happiness in the organization

“Happy Credit” Project

The objective is to release debts for its employees by affixing the collaboration between East Coast Furnitech Public Company Limited and G Capital Public Company Limited to prepare “Happy Credit” Project for easy borrowing, comfortable amortization, special condition granting to the employee with more than 3 years and over service duration. It is the credit granting that helps reduce obligation of the employee who participates in the Project for decrease in amortized installment and loan interest. The knowledge provision and financial management skill development are executed to the employee whereas the employee who participates in the Project shall comply with the rule of the Project, and shall disclose actual financial information. Such project has been commenced for execution in 2016.

“ECF Saving” Project

The objective is to support the employees to know about spending planning and spending discipline, and to be aware of saving, money spending in correct way, cultivate living awareness according to economic sufficiency guideline, and promote creativity in planning of worthwhile resource utilization and maximum utilization under the concept of “knowing to find, knowing to retain, and knowing to use”. The Company asked collaboration from all employees to participate in such activity.



3. Corporate Social Responsibility Activities

The Company gives precedence to building of awareness as giver and nearby community responsibility with concept of social and responsibility assistance inside the community that creates friendliness occurrence in the community area for occurrence of the community people's quality of life improvement from employment in the area, and participation in support of restoration and renovation of the religious place, emphasis on care and reinforcement of environmental condition, natural condition both in the area of forest and shore in the community area.

In 2016, the Company executed Corporate Social Responsibility (CSR) activities as follows.

“ECF Public Mind on Library Improvement for Children”

**At Wat Panchatha Yikawat School, Lat Sawai Sub-district, Lum Luk Ka District,
Pathum Thani Province**

The objective is to improve the school's library to be prepared for use and for understanding of the employees on “social responsibility” concept under actual action.



“Public Mind for Social Virtue”

**At Wat Moonjindaram, Bueng Yitho Sub-district, Thanyaburi District,
Pathum Thani Province**

The objective of the mutual cleanliness of the temple court in temple area is the awareness and conscience on cleanliness confederacy of the Company’s employees and people that participates in doing activities at Wat Moonjindaram.



“Rice Giving”

**At East Coast Furnitech Public Company Limited, Thang Kwian Sub-district, Klaeng District,
Rayong Province**

The objective is to build morale to the operating staffs.



“ECF Social Attention Confederacy”

At Thanyaporn Home for Girls, Rangsit Sub-district, Thanyaburi District, Pathum Thani Province

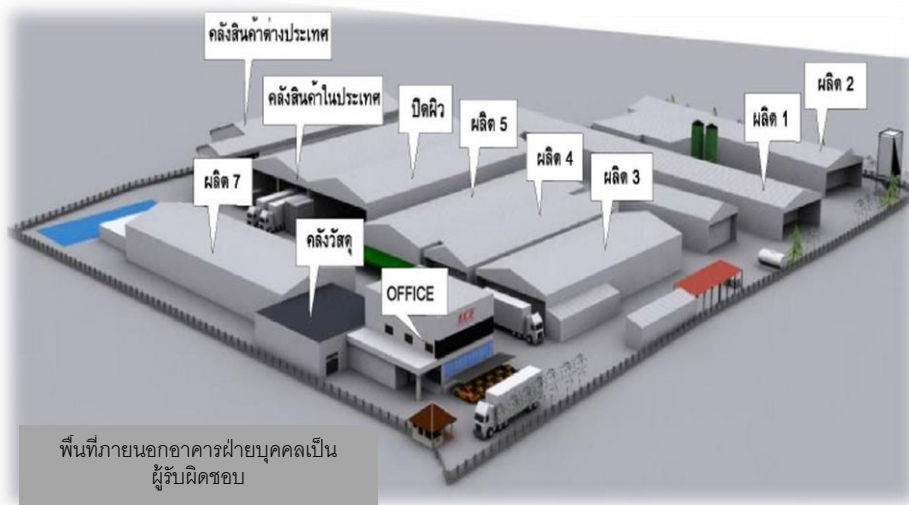
Repasting of luncheons and donation of articles and utensils such as UHT milk, lotion, cologne, slip, educational equipment, powder, toothpaste, soap and shampoo, were performed to help the girls that are ill-treated and hurt by parents, and have none of nurture supporters, and to mutually create the opportunities and give gifts to the society.



➤ Quality Environment

The Company gives precedence environmental impact occurred from the Company's business process either directly or indirectly under control from environmental friendly production process of products and services in every procedure, and also cultivates its employees to be aware of environmental care whether being waste sorting, cleanliness inside the building area, plant and surrounding area.

Sample of Zoning of Responsible Area in Cleanliness Care



Resource Utilization

The Company utilizes energy in part of production process, service and office, consisting of three parts as follows.

1. Electric power from the Provincial Electricity Authority for office work and production in the factory at Rayong head office and the Provincial Electricity Authority for marketing office works at Lam Luk Ka branch office, Pathum Thani Province.
2. Fuels such as diesel oil and benzene for use in product transportation work and office automobile of the Company
3. Municipal water supply from Provincial Waterworks Authority for office work and production in the factory at Rayong head office, and Provincial Waterworks Authority for marketing office works at Luk Ka branch office, Pathum Thani Province

The Company realizes on saving and reducing energy resource utilization under policy of close control on expenses of electric power, fuel and municipal water supply, and target of continuous decrease in expenses.

Waste and Consumable Management

The Company gives precedence to management of waste and consumable derived from production process and employee consumption under clear waste sorting method, and asks for collaboration of employee to sort each type of waste for management of wastes and consumables from processes under below details.

- Wood chips and sawdust: the products remaining from the wood cutting process shall be used as the fuel for the boiler to generate renewable energy in the production process. If the quantity of wood chips and sawdust is high, the company shall sell them to a third party.
- Dust: the dust from polishing process using sandpaper or polishing machine, the company shall use filter bag. The filtered dust shall be sold to a third party to use as a raw material accordingly.
- Residue of Spraying from the pigmentation process on the work piece, the company has a measure to prevent the impact caused by spraying color to the environment by using a pigmentation room with circulating water to reduce the color mist. The residue from this process shall be properly eliminated.
- Paint residue from the manufacture of covering paper; the residue of paint after printing process, the company shall bury such residue in the factory.
- Waste materials such as rejected artificial leather or textile from production process, the company shall gather them to sell to a third party.
- Glue: it is the adhesive materials to attach the covering paper to the particle boards, the company shall use a water base glue that can be melted by water, causing no environmental impact.

However, in last year, the Company has started the execution according to the Policy of Corporate Social Responsibility for social and environmental benefit with sustainable effect both toward social and business. In the following years, the Company will formulate the policy and practical guideline to express clearer social and environment responsibilities, advance more concrete activity organizing, and apply the acquired result from the policy and activity for analysis and evaluation under objective of development and improvement.

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. 5/ 2017 on March 14, 2017, 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 ACC-PLUS 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 ACC-PLUS 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. 5/2017 on March 14, 2017, the internal auditor reported result of the internal checking and proposed the suggestions to the Audit Committee.

Connected Transaction

For year 2016, 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 2016 or as of December 31, 2016	
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 real wood furniture.	20.71	<ul style="list-style-type: none"> - Rental 13 potential locations as of December 31, 2016 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, fair and at arm's length basis. - The company sells particle board furniture to Index living mall in September, 2012 with pricing in accordance with normal commercial terms. (Fair and at arm's length)
		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.	4.93	
		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.	1.96	
		Sales of Products: The company sell particle board furniture to Index living mall since September, 2012	12.97	

Related Party	Relationship	Type of Transaction	Amount of transaction (MB) Yr 2016 or as of December 31, 2016	Necessity and reasonability
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.	3.14	<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	15.06	- 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, fair and at arm's length basis. - 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 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.	5.38	
		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.	0.73	
		Accounts Payable The Company has accrued expense for foil paper and PVC edge to IFF, however this payment has not got into the payment overdue.	0.19	

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 Securities and Exchange Commission (SEC) at the Auditing Committee meeting No.2/2017, held on March 14, 2017. Therefore, the Committee agreed that such related transactions are reasonable, fair and and at arm’s length basis.

2. Policies or Trends for Preparing Related Transactions Including Acquisition or Selling of the Company’s Properties in the Future

Measures 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 2016

The Audit Committee of East Coast Furnitech Public Company Limited (ECF) comprises three independent committees who have knowledge, capability, specific experience, and complete qualifications in accordance with requirement from the Stock Exchange of 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 2016, 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. However in some agendas the Audit Committee invited the executives attended the meeting in order to clarify the enquiries of the Audit Committee.

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 2016 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 2016 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, fair and at arm's length 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 such as risk from exchange rate but the Company was able to find solution approach to mitigate the risk in time. In 2016, the company has never found any risks that has an impact on operation results significantly.
- 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. Phisith Cheewaruengroj,



a certified public accountant with license number 2803 from M.R. and Associate Limited to be the auditor of the Company with total compensation not exceeding than 2,000,000 baht (Two Million baht only). In this year the auditor will have operation period as auditor of the Company for 1 years.

- The Audit Committee has evaluated the overall performance of the Audit Committee per set of committees in 2016. 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

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 December 31, 2016 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 December 31, 2014	Mr. Methee Ratanasrimetha, CPA Registration No. 3425, M.R. & Associates Co., Ltd., the auditor has been approved by Securities and Exchange Commission, Thailand.	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, 2014 and its financial performance and its 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, 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 December 31, 2015	Mr. Phisith Cheewaruengroj, CPA Registration No. 2803, M.R. & Associates Co., Ltd., the auditor has been approved by Securities and Exchange Commission, Thailand.	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, 2015 and 2016 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, 2015 and 2016 and their financial performance and their cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
During 12 months Ended December 31, 2016		



(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		Consolidated Financial Statements	
	Ended December 31, 2014		Ended December 31, 2015		Ended December 31, 2016	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Asset						
Current asset						
Cash and cash equivalent	32.02	2.59	61.10	4.06	408.67	17.34
Account receivable						
- Related Companies	8.63	0.70	8.50	0.56	8.09	0.34
- Other Companies	146.86	11.86	189.19	12.56	195.02	8.27
Inventory - Net	419.99	33.91	578.63	38.42	756.80	32.10
Short-term loan for another company	-	-	-	-	50.00	2.12
Other current asset	23.96	1.93	24.55	1.63	38.85	1.65
Total current asset	631.47	50.98	861.96	57.23	1,532.73	65.02
Non-current assets						
Restricted deposits at bank	30.00	2.42	30.60	2.03	30.87	1.31
Investment in associate accounted for using the equity method	-	-	60.90	4.04	8.00	0.34
Held-to-maturity debt securities	2.00	0.16	2.00	0.13	2.00	0.08
Property plant and equipment - Net	373.00	30.11	360.46	23.93	351.77	14.92
Surplus on revaluation of assets - Net	183.58	14.82	160.88	10.68	347.60	14.75
Intangible assets - Net	4.42	0.36	2.95	0.20	3.33	0.14
Deferred tax assets	3.68	0.30	2.69	0.18	3.89	0.17
Other Non-current assets	10.53	0.85	23.75	1.58	77.09	3.27
Total Non-current assets	607.20	49.02	644.24	42.77	824.55	34.98
Total Asset	1,238.67	100.00	1,506.20	100.00	2,357.28	100.00
Liabilities and shareholders' equity						
Current liabilities						
Bank overdraft and short-term loans from financial institutions.	330.98	26.72	540.24	35.87	672.87	28.54
Payable on the sale of accounts receivable claims.	41.77	3.37	50.78	3.37	60.24	2.56
Trade accounts payable	135.18	10.91	180.09	11.96	177.83	7.54
Other account payable - related companies	2.10	0.17	2.04	0.14	1.96	0.08
Short-term loan and accrued interest expense for related person	-	-	10.59	0.70	0.00	0.00
Liabilities in hire-purchase agreement and finance leases contracts due within one year	10.68	0.86	11.33	0.75	10.83	0.46
The portion of long-term loans due within one year	66.97	5.41	63.41	4.21	85.98	3.65
Accrued expenses and other current liabilities	56.89	4.59	59.63	3.96	66.52	2.82
Total current liabilities	644.58	52.04	918.11	60.96	1,076.24	45.66

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

The statement of financial position: Eastcoast Furnitech Public Company Limited and its subsidiaries (cont.)

The statement of financial position	Consolidated Financial Statements (revised)		Consolidated Financial Statements		Consolidated Financial Statements	
	Ended December 31, 2014		Ended December 31, 2015		Ended December 31, 2016	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Non-current liabilities						
Long-term loans - Net	166.80	13.47	114.36	7.59	67.17	2.85
Debenture	-	-	-	-	498.31	21.14
Liabilities in hire-purchase agreement and finance leases contracts - Net	17.81	1.44	11.20	0.74	3.97	0.17
Profit from sale and deferred lease back	0.22	0.02	0.13	0.01	0.08	0.00
Liabilities for post-employment benefits	3.28	0.26	3.38	0.22	5.92	0.25
Deferred tax liabilities	6.86	0.55	5.37	0.36	46.50	1.97
Total non-current liabilities	194.97	15.74	134.44	8.93	621.95	26.38
Total Liabilities	839.55	67.78	1,052.54	69.88	1,698.19	72.04
Shareholder's equity						
Registered capital	195.00		195.00		195.00	
Issued and fully paid-up share capital	130.00	10.50	137.55	9.13	142.24	6.03
Premium on share capital	105.48	8.52	113.03	7.50	117.69	4.99
Retained earnings						
- Appropriated for legal reserve	16.60	1.34	19.50	1.29	19.50	0.83
- Unappropriated	187.96	15.17	245.81	16.32	294.97	12.51
Other components of equity ^{1/}	(40.92)	(3.30)	(59.76)	(3.97)	82.34	3.49
Equity attributable to Owners of the Parent	399.12	32.22	456.14	30.28	656.71	27.86
Non-controlling interests	-	-	(2.48)	(0.16)	2.39	0.10
Total shareholders' equity	399.12	32.22	453.66	30.12	659.09	27.96
Total liabilities and shareholders' equity	1,238.67	100.00	1,506.20	100.00	2,357.28	100.00

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

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

1. Surplus on revaluation of assets – net of Baht 176.72 million baht.
2. Surplus from business combination under common control (minus) 217.64 million baht.

As of December 31, 2015 valued (minus) 59.76 million baht it consisted of

1. Surplus on revaluation of assets – net 155.51 million baht.
2. Surplus from business combination under common control (minus) 217.64 million baht.
3. Share of other comprehensive income from associate 2.38 million baht.

As of December 31, 2016 valued (minus) 82.34 million baht it consisted of

1. Surplus on revaluation of assets – net 301.44 million baht
2. Surplus from business combination under common control (minus) 217.64 million baht.
3. Loss on change in investment in subsidiary is negative 1.45 million bath.

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

Statements of Comprehensive Income

Statements of Comprehensive Income	Consolidated Financial Statements		Consolidated Financial Statements		Consolidated Financial Statements	
	2014		2015		2016	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Revenue from sale-Net	1,209.05	98.46	1,334.10	98.22	1,370.78	98.27
Other income						
- Unrealized gain (loss) on fair value of derivatives	9.09	0.74	3.29	0.24	0.25	0.02
- Gain (loss) on exchange rate	(7.36)	(0.60)	2.22	0.16	2.42	0.17
- Others	17.18	1.40	18.69	1.38	21.68	1.55
Total Revenue	1,227.96	100.00	1,358.30	100.00	1,394.91	100.00
Cost of goods sold	(887.25)	(72.25)	(981.74)	(72.28)	(983.27)	(70.49)
Selling expenses	(108.70)	(8.85)	(134.17)	(9.88)	(158.87)	(11.39)
Administrative expenses	(118.21)	(9.63)	(118.65)	(8.74)	(155.46)	(11.14)
Total Expenses	(1,114.17)	(90.73)	(1,234.56)	(90.89)	(1,297.60)	(93.02)
Profit Before Interests and Income Tax Expense	113.79	9.27	123.74	9.11	97.31	6.98
Financial costs	(30.95)	(2.52)	38.73	(2.85)	(54.43)	(3.90)
Share of loss from investment in associate	-	-	(0.84)	(0.06)	32.83	2.35
Income tax expense	(12.97)	(1.06)	13.99	(1.03)	(10.71)	(0.77)
Profit for The Year	69.88	5.69	70.17	5.17	65.00	4.66
Other Comprehensive Income (Loss)						
Actuarial loss on remeasurement of liability for post-employment benefits	-	-	-	-	(1.51)	(0.11)
Share of other comprehensive income from associate	0.00	0.00	4.66	0.34	2.95	0.21
Gain on revaluation of assets	-	-	-	-	166.39	11.93
Portion that was reclassified to share of profit from investment in associates	-	-	-	-	(6.49)	(0.50)
<u>Other Comprehensive Income For The Year</u>	<u>0.00</u>	<u>0.00</u>	<u>4.66</u>	<u>0.34</u>	<u>161.34</u>	<u>11.57</u>
Total Comprehensive Income For The Year	69.88	5.69	74.83	5.51	226.34	16.23
Profit (Loss) Attribute to:						
Owners of the parent	69.88	5.69	75.43	5.55	62.44	4.48
Non-controlling interests	-	-	(5.25)	(0.39)	2.56	0.18
Profit for the Year	69.88	5.69	70.17	5.17	65.00	4.66
Total Comprehensive Income (Loss) Attribute to:						
Owners of the parent	-	-	77.80	5.73	224.94	16.13
Non-controlling interests	-	-	(2.97)	(0.22)	1.40	0.10

Statements of Comprehensive Income	Consolidated Financial Statements		Consolidated Financial Statements		Consolidated Financial Statements	
	2014		2015		2016	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Total Comprehensive Income for the Year	69.88	5.69	74.83	5.51	226.34	16.23
Basic Earnings per Share (Baht)	0.134		0.144		0.112	
Diluted Earnings per Share (Baht)	0.114		0.138		0.106	

(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 Financial Statements	Consolidated Financial Statements	Consolidated Financial Statements
	Audited	Audited	Audited
	2014	2015	2016
Profit before income tax expense	82.85	84.16	75.72
<u>Adjustment for non-cash items</u>			
Depreciation and amortization	69.07	69.45	71.46
Increase in allowance for doubtful accounts	2.13	0.44	0.29
Provision for post-employment benefits	0.31	0.10	0.65
Unrealized Gain (Loss) on exchange rate	(0.06)	(0.0007)	0.05
Increase (decrease) in allowance for obsolete / slow-moving inventories	8.74	(5.38)	(1.62)
Gain (loss) on sale of machinery and equipment	(0.24)	(0.06)	(0.05)
Loss on selling equipment	-	-	-
Gain (Loss) on fair value of derivatives	(0.09)	(3.29)	(0.02)
Share of loss from investment in associate	-	0.84	(32.83)
Unrealized gain on valuation of fair value of current investment	-	-	(0.25)
Interest receivable	(0.27)	(1.58)	(9.29)
Interest payable	30.95	38.73	54.43
<i>Increase (decrease) in Operating assets</i>			
Trade account receivable	10.87	(42.55)	(5.03)
Inventories	(140.18)	(153.33)	(176.58)
Other account receivable – related companies	-	-	-
Other current asset	(4.56)	0.88	(11.92)
Other non-current asset	(2.03)	(13.96)	(57.77)
<i>Increase (decrease) in Operating liabilities</i>			
Trade account payable	(10.90)	44.91	(2.28)
Other account payable – related companies	0.72	(0.06)	(0.08)
Accrued expenses and other current liabilities	(6.63)	8.42	4.23
	(11.74)	(15.57)	(15.40)

Statements of cash flows	Consolidated	Consolidated	Consolidated
	Financial	Financial	Financial
	Statements	Statements	Statements
	Audited	Audited	Audited
	2014	2015	2016
Income tax expense			
Net cash provided by operating activities	19.93	12.16	(100.85)
Increase in restricted deposits at bank	(30.00)	(0.60)	(0.26)
Increase in the investment of associate	-	(57.08)	(8.50)
Increase in the current investment	-	-	(75.06)
Increase in loans to other party	-	-	(50.00)
Proceeds from decrease and return of share capital from associate contribution of associated companies	-	-	69.73
Increase in property, plant and equipment	(28.08)	(27.02)	(35.23)
Increase in intangible assets	(1.90)	(0.01)	(1.97)
Cash from sale of equipment	1.70	0.002	1.03
Dividends receive from associates	-	-	20.95
Cash received from interest income	0.27	1.0	11.02
Net cash used in investing activities	(58.00)	(83.71)	(68.29)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(21.68)	209.21	132.56
Increase (decrease) in A/P on the sale of accounts receivable claims	(1.32)	9.01	9.46
Decrease in liabilities in hire-purchase agreement and finance leases contracts	(12.70)	(10.77)	(12.47)
Increase in short term loans from related person	269.90	4.10	38.16
Increase in long-term loans	(130.01)	(60.10)	(62.78)
Repayment of long-term loans	-	0.49	2.01
Increase in non-controlling interests	-	-	500.00
Issuance of debenture	-	-	(2.63)
Debenture issuance costs	-	15.10	9.32
Cash received from increase in share capital (IPO) Proceeds from sales of machinery and equipment under sales and leaseback agreements	9.72	-	-
Cash paid for dividend	(15.60)	(35.88)	(32.24)
Cash paid for interest expenses	(31.69)	(41.03)	(54.18)
Net cash provided by (used in) financing activities	66.62	100.62	516.71
Net increase (decrease) in cash and cash equivalents	28.55	29.08	347.57
Cash and cash equivalents at beginning of period	3.47	32.02	61.10
Cash and cash equivalents at end of period	32.02	61.10	408.67

(C) The Key Financial Ratios

Key Financial Ratios	Consolidated	Consolidated	Consolidated
	Financial Statements	Financial Statements	Financial Statements
	2014	2015	2016
LIQUIDITY RATIO			
Current ratio (Times)	0.98	0.94	1.42
Quick Ratio (Times)	0.29	0.28	0.64
Cash Ration (Times)	0.03	0.02	(0.10)
Account Receivable Turnover Ratio (Times)	7.42	7.46	6.78)
Average Collection Period (Days)	48.54	48.28	53.25
Inventory Turnover (Times)	5.92	5.98	5.06
Average Inventory Period Ratio (Days)	60.86	60.18	71.20
Accounts Payable Turnover Ratio (Times)	6.31	6.23	5.49
Repayment period (Days)	57.06	57.80	65.52
Cash Cycle (Days)	52.34	50.66	58.93
PROFITABILITY RATIO			
Gross Profit Margin (%)	26.62	26.41	28.27
Operating Profit Margin (%)	9.41	9.28	7.10
Cash to profitability Ration (%)	17.51	9.83	(103.64)
Net Profit Margin (%)	5.56	5.51	4.66
Return On Equity (%)	18.78	17.55	11.68
EFFICIENCY RATIO			
Return On Asset (%)	6.00	5.45	3.37
Return On Fix Asset (%)	38.49	39.34	38.32
Total Assets Turnover (Times)	1.06	0.99	0.72
FINANCIAL POLICY RATIO			
Debt to Equity Ratio (Times)	2.10	2.32	2.58
Interest Coverage Ratio (Times)	2.06	1.72	0.54
Coverage Ratio (Cash Basis) (Times)	0.10	0.05	-0.30
Dividend Payout Ratio (%) ^{1/}	51.35	43.08	46.84

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

1. Management Discussion and Analysis (MD&A)

Overview of Past Performance

Throughout the past three years from 2014-2016, the Company's the value of revenues from sales continuously increased with average Compound Average Growth Rate for three retroactive years period for 6.48%. The growth rate of revenues from sales was 10.34% between 2014 and 2015 and 2.75% between 2015 and 2016.

Nevertheless, in 2016 period, the Company's growth rate of revenues from sales decreased when compared with previous year period since it was the year that commercial atmosphere has still been affected both from domestic and foreign factors which has not yet facilitated to the people's spending. The consumption confidence has not yet increased as anticipated as it should be. According to export condition, the figure of wood furniture export for 2016 decreased from previously 4.53%. The Company regarded the overall result in last 2016 to be satisfactory on its ability to generate growth rate of revenues from sales and total revenues to be continuously increased under negative factor in various areas without facilitation as expected.

In overview of 2016, the main revenues of the Company were derived from product export or in the proportion of revenues from sales for 57%. Revenues decreased approximately for 1.43%, resulting from not being in line with anticipation of purchase orders of foreign customers, particularly customer groups in Middle East countries due to price competition problem. However, for main customer base in Japan of which the Company's proportion of revenues from export of products for distribution to the customers in Japan was estimated to be not below 50% of total revenues from sales has still continuously grown for over 3.33%. Even though it would be growth rate which was not on setting target, but in 2016 period, the Company has adjusted the product development strategy by offering new types of products to its customers such as bed product group. In the end of the year, the Company has started to receive feedback from customer group as seen from more purchase orders of bed-type product. It was anticipated for significant increase for 2017. Apart from new product offer, the Company has still continuously focused on product design and development to decrease quantity of sales in the existing product groups which have been continuously ordered by the customers. Due to long trades, it therefore has been difficult for request on increase in product price from the customers in some products. Such method will be a way contributing to increase in profitability rate for the Company.

For revenues from distribution of domestic products, the Company could generate growth rate of revenues from sales at 8.78% in 2016 period, decreasing when compared with 2015 period with 16.87% of growth rate according to domestic factor as aforesaid. If considering from each distribution channel, it was found that the Company's growth rate of revenues from distribution of products which are the Company's brands increased approximately 8%. The Company has distributed this product group to modern trade retail store-type customer group such as Leaf Brand for distribution to HomePro, Fur Direct Brand for distribution to BigC, a7 Brand for distribution to Mega Home, HASTA Brand for distribution to Thai Watsadu, and My Fur

Brand for distribution to Do Home Retail Store, etc. For revenues from sales of ELEGA Showroom, it is the showroom distributing hard wood furniture products for total of 18 current branches. In last 2016 period, the decrease in revenues for approximately 14% was anticipated to be factor from the confidence of the consumer's consumption. The price level of the product group distributed in ELEGA Showroom is for middle customer group and over. For distribution channel via wholesale store and dealer store whereas Costa Brand is used by the Company, the year of 2016 has been the year that could significantly generate growth on revenues from sales with approximately 325% of growth rate, resulting from restructuring of marketing and sales personnel and competition strategy.

After completion of business operation restructuring by the Group of East Coast Companies since 2011 period, the Company has engaged the business via the operation of two juristic persons consisting of East Coast Furnitech Company Limited (before transformation into public limited company) and VV – Décor Company Limited on behalf of the subsidiary with the Company's shareholding in the proportion of 99.95%). After such restructuring, the Company's nature of main business is to be the manufacturer and distributor of particle wood furniture, rubber wood furniture and paper foil for use as assembly in furniture manufacture, manufacture; distribution of dried processing rubber wood; distribution of furniture via branch showroom under ELEGA brand for 16 branches that distribute hard wood furnitures which are domestically manufactured and imported from abroad, and three stores of FINNA HOUSE that distribute furnitures which are manufactured by use of Disney cartoon design copyright under being franchisee for use of cartoon designs for manufacture. At this moment, the Company has still been the sole franchisee in Thailand and the cutting service provider of PVC edging sheet.

Later in 2015, the Company registered for establishment of an additional subsidy which is ECF Holdings Company Limited ("subsidiary" or "ECFH") on behalf of the subsidiary held for shares by the Company in the proportion of 75%. At present, ECFH is the business operator of Can Do retail store with operation in form of JPY100 Store of which its franchise has been purchased by the Company from Japan and sells which sells products in the whole store at one price of Baht 60. At present, total of six branches have been opened for service. The first branch is located at Future Park Rangsit and was opened for service on last 19th December 2015. In addition, ECFH had short period of time for energy business operation during 2015 – 2016. ECFG has invested in alternative energy business for solar farm power plant project of ECF Tornado Energy Godo Kaisha which is the investment in Japan with approximately 1.5 MW of installed production capacity. The project is located at No. 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan. ECFH's shareholding proportion has been 51%. The commercial operation date has been commenced since 21st December 2015. Later, the Company considered selling asset invested in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy businesses in Japan. Sales Contract for Asset was entered on 19th August 2016 whereas the sold asset's net selling price from related tax was around Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales or approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of such asset was due to consideration on profit that will be gained when compared with approximately 8% per annum of return on investment from the project operation for 20 years

of project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29th September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22nd February 2017. Therefore, ECFH has not currently operated alternative energy business at all.

Performance

Revenue from Furniture Business

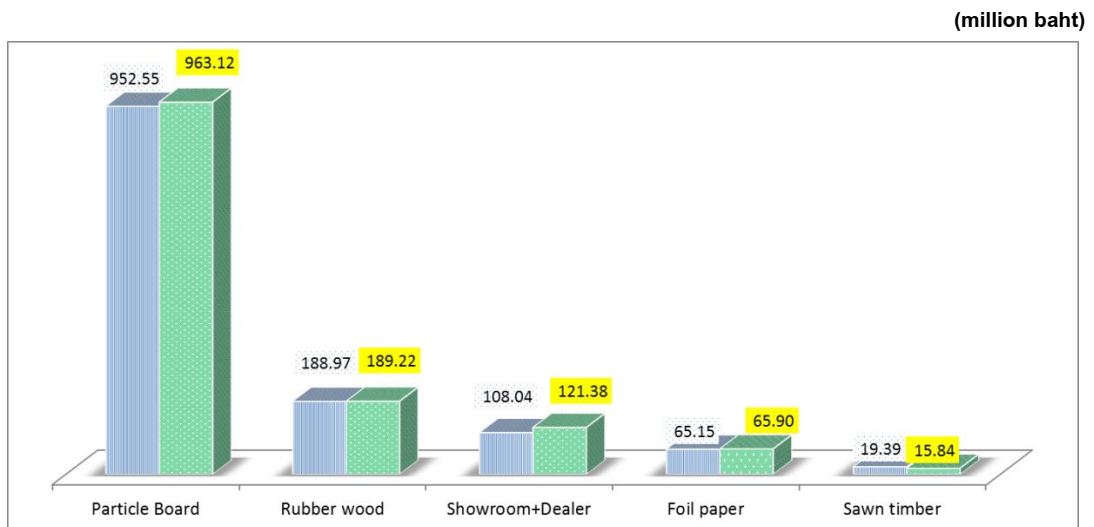
The Company's revenue classified by product types and distribution channel are as follows;

The Company's revenue classified by product types ranked according to sales revenue for the year 2016 is as follows:

- No. 1: Particle board furniture with totaling 963.12 million baht or 70 percent
- No. 2: Rubber wood furniture with totaling 189.22 million baht or 14 percent
- No. 3: Furniture sold through showrooms, wholesalers, and dealers with totaling 121.38 million baht or 9 percent
- No. 4: Foil paper with totaling 65.90 million baht or 5 percent
- No. 5: Dried rubber wood with totaling 15.84 million baht or 1 percent

The comparison of growth of revenue from furniture classified by product types between 2015 and 2016, overview the value is almost near the last year except revenue from furniture sold through ELEGA showrooms and dealers that grew with the highest rate when comparing to the other product types or equivalent 12 percent.

**Revenue classified by product types
Between 2015– 2016**



The Company's revenue classified by distribution channels which are ranked according to the revenue from sales for the year 2016 is as follows:

No. 1: Made-to-order channel using the customer's brands with totaling 767.53 million baht or 60 percent

No. 2: House brands with totaling 384.81 million baht or 30 percent

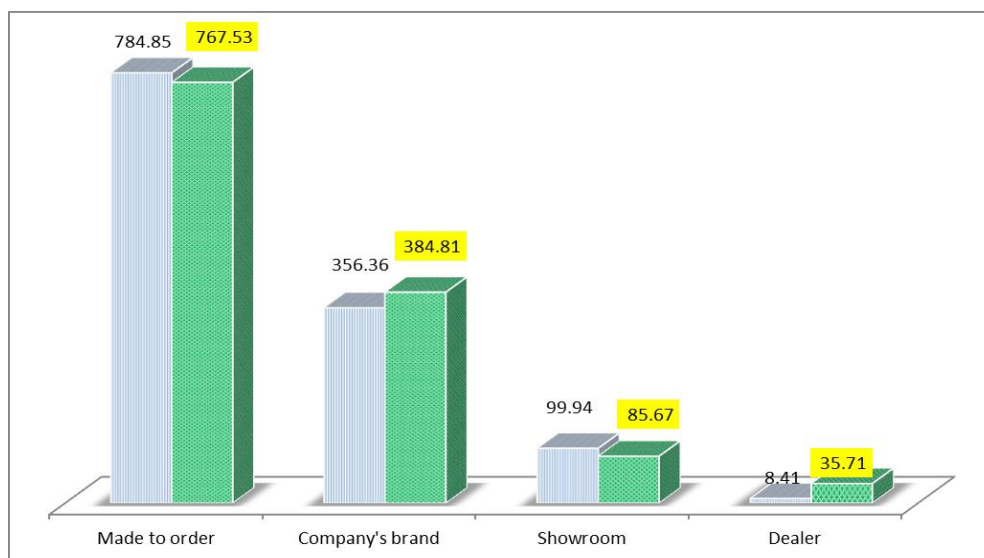
No. 3: Showrooms with totaling 85.37 million baht or 7 percent

No. 4: Wholesalers and dealers with totaling 35.17 million baht or 3 percent

Currently, the Company's revenue from made-to-order products represents 59 percent of its total sales revenue, and this revenue represents 63 percent of its total revenue from furniture sales.

**Revenue from selling furniture, Classified by distribution channel
Between 2015– 2016**

(million baht)



Revenue from Retail Business (Can Do)

For the operation of ECF Holdings Co.,Ltd., The Company gained the revenue 15.31 million baht for the year 2016 from retail business with single-price shop style (60 baht) that is the same as 100-yen shop. Can Do has commenced the business since 19th December 2015.

Revenue from Solar Power Plant Business

For the year 2016, the Company gained the revenue from ECF Tornado Energy GK, operated solar power plant in Japan, in form of the profit sharing from the investment proceeds in associate 32.83 million baht, of which such power plant started the commercial operation date on 21st December 2015.

The Company's sales revenue equaled 1,209.05 million baht, 1,334.10 million baht, and 1,370.78 million baht in 2014, 2015, and 2016, respectively, which showed an increase of 10.34 percent from 2014 to 2015 and an increase of 2.75 percent from 2015 to 2016.

Its revenue from domestic and overseas sales last year accounted for approximately 43.36 and 56.64 percent of its total sales revenue, respectively.

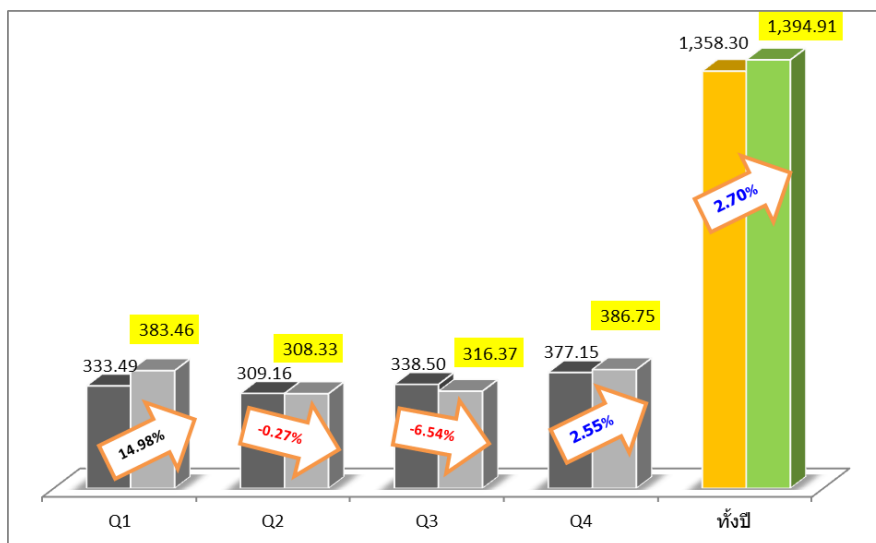
Last year, a significant increase in the sales revenue was derived from the Company's growth in its revenue from the sale of retail shop and dealer shop ("Dealer") that the Company planned the new marketing strategy so as to expand the distribution channel of Dealer. In this regard, the majority of sold products for Dealer has come from the furniture produced by the Company, imported from overseas and also hire the outsource factory. The growth rate from Dealer for the last year was 324.61 percent from the sales revenue 35.71 million baht, decreased 8.41 million baht from the last year. The second is the sales revenue from House brand products which the growth rate 7.98 percent from the sales revenue 384.81 million baht, increased from 356.36 million baht of the last year.

The Company's other revenue in 2014, 2015, and 2016 was worth 18.92 million baht, 24.20 million baht, and 24.13 million baht, respectively. This revenue consisted of revenue from unrealized gains (losses) based on the fair value measurement of the derivatives, gains (losses) from exchange rate, and other components such as the sale of scrap, gains (losses) from sale of fixed assets, interest received, and compensation for exports.

The main component of other revenue was unrealized gain (loss) on fair value of derivatives in 2014, 2015, and 2016 was worth gain 9.09 million baht, gain 3.29 million baht and gain 0.25 million baht respectively. The second was gains (losses) from exchange rate worth of each year was loss 7.36 million baht, gain 2.22 million baht and gain 2.42 million baht respectively.

Its total revenue in 2014, 2015, and 2016 was equal to 1,227.97 million baht, 1,358.30 million baht, and 1,394.91 million baht, respectively. Its compound average growth rate per year was 6.58 percent, and its total revenue grew continually, in line with the major growth of its sales revenue.

**Comparing revenue by quarter
between 2015 – 2016 (million baht)**



The Company has revenue by comparing in each quarter for the year 2016 as follows; 1st quarter was worth 383.46 million baht, 2nd quarter 308.33 million baht, 3rd quarter 316.37 million baht and 4th quarter 386.75 million baht, of which it is normal of business cycle that the season of low revenue will be 2nd quarter and 3rd quarter and the season of high revenue will be 4th quarter and 1st quarter.

Costs of goods sold and expenses

In 2014, 2015, and 2016, the Company’s costs of goods sold represented 73.38 percent, 73.59 percent, and 71.73 percent of its total sales revenue, respectively. The value of its costs of goods sold equated 887.25 million baht, 981.74 million baht, and 983.27 million baht, respectively.

Data from 2014 to 2016 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 2013. In 2014, the Company spent most of its proceeds from fund raising 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 2016, the decrease in the costs of goods sold was mainly caused by cost and expense controlling policy. Where as the price of particle board and rubber wood was stable without significant swings.

In 2014, 2015, and 2016, the Company’s selling expenses represented 8.85 percent, 9.88 percent, and 11.39 percent of the total revenue, respectively, and its selling expenses represented 108.70 million baht, 137.17 million baht, and 158.87 million baht, respectively.

Moreover, the Company's administrative expenses represented 9.63 percent, 8.74 percent and 11.14 percent of total revenue, respectively and its administrative expenses represented 118.21 million baht, 118.65 million baht, and 155.46 million baht, respectively.

In 2016, The significant causes of increasing expenses came from selling expenses, administrative expenses and financial cost, of which the details are as follow;

- Selling expenses increased from major cause of the promotion expense of the subsidiary (ECF Holdings Co.,Ltd.) that is operating Can Do shop in order that Can Do is able to boost sales revenue in accordance with the target sales.
- Administrative expenses of the subsidiary especially Can Do, came from the expenses relating to the operation of business and also the administrative expenses of furniture business came from the increase of the benefit expense of employees and the gradually accrued expense of bonus including the expenses of feasibility study of project investment for energy business such as the expenses relating to hire many experts for their opinions, the allowance for impairment loss on fixed assets increased by Baht 5.46 million in accordance with the accounting standard that the Company has to re-evaluate on fixed assets every 5 years.

The Company's financial costs in 2014, 2015, and 2016 equaled 2.52 percent, 2.85 percent and 3.90 percent of its total revenue. This was 30.95 million baht, 38.73 million baht and 54.43 million baht, in 2014, 2015, and 2016, 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, 2014, 2015, and 2016, equaled 330.98 million baht, 540.24 million baht and 672.87 million baht respectively. The Company's long-term loans from financial institutions equaled 233.77 million baht 177.77 million baht and 153.14 million baht, as of December 31, 2014, 2015, and 2016, respectively. However, for the period of 2015 – 2016 the Company's outstanding short-term loan was tending to increase as a result of working capital for inventories and also for the operation of Can Do, the retail shop business with one single price 60 baht which has opened 6 branches now. The loans was used for decoration, order the products for sales and inventories. Moreover, in 2016 the Company provided the source of fund for business by issuance the debenture on 26 May 2016 with interest rate 5.4 percent per annum which will be maturity date on 26 February 2017.

For the long-term loans was tending to decline continually, which came from the payment of principal and negotiation to converse to short term loan for working capital.

Gross profit margin and net profit margin

The Company's gross profit margins in 2014, 2015, and 2016 represented 26.62 percent, 26.41 percent and 28.27 percent of its total sales revenue, which equated 321.80 million baht, 352.36 million baht and 387.51 million baht, respectively.

A major factor contributing to the Company's gross profit margins that increased from 2014 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, training workers in manufacturing skills to reduce losses, as well as the strictly policy of in-process manufacturing cost reduction. The results of the policy implementation continued to create positive impacts until 2016.

Moreover, in 2016 the trend prices of raw materials such as particle board and rubber wood did not fluctuate significantly.

The Company's net profit margins in 2014, 2015, and 2016 accounted for 5.66 percent, 5.17 percent and 4.66 percent, which equaled 69.88 million baht, 70.17 million baht and 65.01 million baht, respectively. The Company's net profit margins in 2016 would be divided into profit for the year – owners of the parent was 62.44 million baht and non-controlling interests 2.57 million baht.

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. In this regard, in 2016 the price of those raw materials were quite stable and did not have any impact on the cost of manufacturing. 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. In 2016 the Company could manage the cost of manufacturing decreased but still confronted the problem of under-target orders. However the following year the Company will plan for managing the orders and also the competition of price. In addition the problem of the continual increase of promotion expense that are collected from the customers such as Modern trade, the Company has to manage by internal cost control and propose the new collection of products to customer that may help for price adjustment.

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 ability to manage manufacturing costs and expenses. However, in 2016 the Company could reduce cost of good sold continually on the other hand the selling expenses and the administrative expenses increased from the policy of sales promotion in order to boost the sales revenue. Whereas in 2016, the Company was on the feasibility study in many power plant projects which led to the expenses of hiring the experts, due diligence process and also the allowance for impairment loss on fixed assets increased by Baht 5.46 million in accordance with the accounting standard that the Company has to re-evaluate on fixed assets every 5 years.

The Company's comprehensive income margins in 2014, 2015, and 2016 accounted for 5.66 percent, 5.51 percent and 16.23 percent, which equaled 69.98 million baht, 74.83 million baht and 226.35 million baht, respectively. The Company's comprehensive income in 2016 would be divided into comprehensive income for the year – owners of the parent was 224.94 million baht and non-controlling interests 1.40 million baht.

The major cause of increase of comprehensive income in 2016 came from on October, the Company reestimated the fixed assets in accordance with the accounting standard every 5 years that resulted to the increase of profit from that re-evaluation by 166.39 million baht.

Financial Status Analysis

Asset

Current Assets

As of December 31, 2014, 2015 and 2016, the Company's current assets equated 631.47 million baht, 861.96 million baht and 1,532.73 million baht, respectively, which are outlined as follows:

- Cash and cash equivalents - As of December 31, 2014, 2015 and 2016 the Company's cash and cash equivalents were valued at 32.01 million baht, 61.10 million baht, and 408.67 million baht, which represented 2.59 percent, 4.06 percent, and 17.37 percent of the total assets, respectively. The major cause of the increase was to in 2016 the Company issued and offered debentures 500 million baht on the beginning of May.
- Net accounts receivables – As of December 31, 2014, 2015 and 2016 the Company's net accounts receivables were valued at 155.50 million baht, 197.69 million baht, and 203.10 million baht, which represented 12.56 percent, 13.12 percent, and 8.62 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, which was in line with the increase in the sales revenue. However, in 2016 the Company earned more sales revenue from wholesalers and dealers that these customers usually delay the payment. Concerning the Company's ability of payment collection, its average collection period during 2014, 2015 and 2016 was 48.54 days, 48.28 days, and 53.25 days, respectively. However, the Company realizes the risk of accounts receivable collection from wholesaler and dealers which the marketing and accounting team will follow up closely for debt collection.

As of December 31, 2016, the Company's net accounts receivables equaled 203.10 million baht. The value of accounts receivables from the Company's related parties was 8.09 million baht, which was derived from the sale of furniture and foil paper for furniture manufacturing to related parties for a value of 28.03 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 equaled to 195.02 million baht. Almost all of the Company's accounts receivables, 80.88 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 Accounts Receivable outstanding as of December 31, 2016

Total Accounts Receivable

Related Companies

Current	5.08	62.74%
Not Over		
- Not over 3 months	3.00	37.10%
- Over 3 - 6 months	0.00	0.00%
- Over 7 - 12 months	0.00	0.00%
- Over 12 months	<u>0.01</u>	<u>0.16%</u>
Total	<u>8.09</u>	<u>100.00%</u>

Other companies -Net

Current	157.73	80.88%
Not Over		
- Not over 3 months	31.04	15.92%
- Over 3 - 6 months	4.10	2.11%
- Over 7 - 12 months	1.00	0.52%
- Over 12 months	3.34	1.71%
Total	<u>197.21</u>	<u>101.13%</u>
<i>Less Allowance for doubtful accounts</i>	<u>-2.20</u>	<u>-1.13%</u>
Net – Accounts Receivable	<u>195.01</u>	<u>100.00%</u>

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
------------------------------------	---

Overdue Accounts Receivable	Rate of allowance for doubtful accounts in net accounts receivable
	100 percentage
More than 12 months	(Only for specification of uncollectible accounts)
More than 24 months	100 percentage

As of December 31, 2016, the Company sold, with a discount, its accounts receivables of approximately 89.05 million baht to two financial institutions under credit facilities of 195.00 million baht. As of December 31, 2016, the financial institutions that provided the Company with factoring credit facilities had a right to have recourse to an approximate amount of 60.24 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, 2014, 2015 and 2016, the Company’s net inventories were valued at 419.99 million baht, 578.63 million baht, and 756.80 million baht, which represented 33.91 percent, 38.42 percent, and 32.10 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, furniture imported or purchased locally for sale, as well as inventories from the subsidiary Can Do shop operated by ECF Holdings Co.,Ltd. that has just begun the retail shop in single price total 6 branches. 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 palettes.



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 2016, most of the Company's inventories are goods during production, which accounted for 58.97 percent of the net inventory value or representing to 446.30 million baht increased from the last year 341.16 million baht. 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 28.78 percent representing to 217.80 million baht increased from the last year 171.15 million baht.

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 2014, 2015 and 2016, the Company's average sales period equaled 60.86 days, 60.18 days, 71.20 days, respectively. Overall, the Company's average sales period since 2014 has risen steadily, as a result of its continually increased finished goods in stock, from 171.15 million baht as of December 31, 2015 to 217.80 million baht as of December 31, 2016. 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 2016, the Company's sales revenue from modern trades and dealers grew, so it needed to manufacture more goods waiting for delivery to the customers, including the stock of Can Do with all 6 branches now.

With regard to policies relating to inventories, the Company has a policy towards the allowance for obsolete and slow movement 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. In addition, the Company has one type of inventory which is separated to be the considering inventory in order to be categorized as obsolete stock which is twenty 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, 2016, the Company's allowance for obsolete inventories and slow-moving goods was 5.76 million baht.

Non – Current Assets

As of December 31, 2014, 2015 and 2016, the value of the Company's non-current assets equated to 607.20 million baht, 644.24 million baht and 824.55 million baht, respectively, which are outlined as follows:

- As of December 31, 2014, 2015 and 2016, the Company's net value of land, buildings and equipment equalled 373.00 million baht, 360.46 million baht and 351.77 million baht which accounted for 30.11 percent, 23.93 percent, and 14.92 percent of its total assets, respectively.

In 2016, the Company's major investment was made in machinery for the manufacturing process, which increased 22.12 million baht, vehicles for business 9.15 million baht, as well as machinery under installation 1.05 million baht. There was no any other investment in buildings.

- As of December 31, 2014, 2015 and 2016, the Company's net appraisal surplus totaled 183.59 million baht, 160.88 million baht, and 347.60 million baht, which represented 14.82 percent, 10.68 percent, and 14.75 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. In accordance with the accounting standard, the Company is obliged to re-evaluate the fixed asset every 5 years. In this regard, in 2016 from October – November the Company re-evaluated the buildings and machines which resulted to happen the increase of appraisal surplus 166.30 million baht.

Total Assets

As of December 31, 2014, 2015 and 2016, the Company's total assets were valued at 1,238.67 million baht, 1,506.20 million baht, and 2,357.28 million baht, respectively.

The continual increase in its total assets for 2016 was a result of the increase in its cash and cash equivalents, inventories and asset appraisal surplus.

Liquidity

The Company's liquidity as of December 31, 2014, 2015 and 2016, equaled 0.98 times, 0.94 times, and 1.42 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, 2014, 2015 and 2016, its current assets were valued at 631.47 million baht, 861.96 million baht, and 1,532.73 million baht, respectively. On the contrary, its current liabilities continually increased. As of December 31, 2014, 2015 and 2016 they equaled 644.58 million baht, 918.11 million baht, and 1,076.24 million baht, respectively. The increase of liquidity was mainly caused by a significant increase in cash and cash equivalents which equaled as of December 31, 2014, 2015 and 2016 32.02 million baht, 61.10 million baht and 408.67 million

baht, respectively, when comparing between 2015 and 2016. This increase of cash and cash equivalents caused from the issuance of debentures on May 2016.

In terms of the quick liquidity ratio, as of December 31, 2014, 2015 and 2016, it equaled 0.29 times, 0.28 times and 0.64 times, respectively. Overall, the ratio of the Company increased significantly in 2016 from cash and cash equivalents as same as the liquidity ratio.

Liabilities

Current Liabilities

As of December 31, 2014, 2015 and 2016, the Company's current liabilities were valued at 644.58 million baht, 918.11 million baht, and 1,076.24 million baht, respectively. They are outlined as follows:

- As of December 31, 2014, 2015 and 2016, the Company's overdraft and short-term loans from financial institutions were valued at 330.98 million baht, 540.24 million baht, and 672.87 million baht, which accounted for 26.72 percent, 35.87 percent, and 28.54 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. Moreover the significant cause of increase in 2016 came from the necessity of using working capital for inventories of export and domestic customers especially dealers that grew eminently and as well as for the running business of the subsidiary (Can Do) which has opened total 6 branches now.
- As of December 31, 2014, 2015 and 2016, the Company's accounts payables were valued at 135.18 million baht, 180.09 million baht, and 177.83 million baht, which represented 10.91 percent, 11.96 percent, and 7.54 percent of its liabilities and shareholders' equity, respectively. Overall, the value of the Company's accounts payables increased continually, came from the increase of ordering raw material for production process of furniture business. The Company's payment period for accounts due in 2014, 2015, and 2016 equated 57.06 days, 57.80 days, and 65.52 days, respectively. The payment complied with the collection policy of the Company's accounts payables.
- The long-term loans that were due to be paid within a year As of December 31, 2014, 2015 and 2016 were valued at 66.97 million baht, 63.41 million baht, and 85.98 million baht, which represented 5.41 percent, 4.21 percent, and 3.65 percent of its liabilities and shareholders' equity, respectively. They were part of the remaining long-term loans. The Company's remaining long-term loans equalled 233.77 million baht, 177.77 million baht, and 153.14 million baht, respectively. The trend of long-term loans decreased continuously from payment and negotiation to reconstruct to be more short-term loans so as to be used as working capital form running business.

Non-current liabilities

As of December 31, 2014, 2015 and 2016, the Company's non-current liabilities totalled 194.97 million baht, 134.44 million baht, and 621.95 million baht, respectively, which are outlined as follows:

- As of December 31, 2016, debentures was valued at 498.31 million baht, which represented 21.14 percent of its liabilities and shareholders' equity, which came from the issuance and

offering of debentures on May totaling 500 million baht and deducted all relevant expenses 1.69 million baht.

- As of December 31, 2014, 2015 and 2016, its net long-terms loans were valued at 166.80 million baht, 114.36 million baht, and 67.17 million baht, which represented 13.47 percent, 7.59 percent, and 2.85 percent of its liabilities and shareholders' equity, respectively. The long-term loans decreased continuously from debt payment and reconstruction to be more short-term loans.

Total Liabilities

As of December 31, 2014, 2015 and 2016, the Company's total liabilities equalled 839.55 million baht, 1,052.54 million baht, and 1,698.19 million baht, respectively.

The major items of the total liabilities were overdraft and short-term loans from financial institutions, followed by debentures, accounts payable and long-term loans that were due to be paid within a year and net long-term loans, respectively.

Shareholders' Equity

As of December 31, 2014, 2015 and 2016, the Company's shareholders' equity totalled 399.12 million baht, 453.66 million baht, and 659.09 million baht, respectively.

There were significant items of shareholders' equity which are outlined as follows:

- With respect to issued and paid-up registered capital, as of December 31, 2014, 2015 and 2016, the Company's registered capital equaled 130.00 million baht (from registered capital of 195.00 million baht), and 137.55 million baht (from registered capital of 195.00 million baht) and 142.21 million baht (from registered capital of 195.00 million baht), respectively. As of December 31, 2016, the Company's issued and paid-up registered capital was valued at 142.21 million baht – 568,826,050 ordinary shares with a par value of 0.25 baht per share. Based on the Company's consolidated, the issued and paid-up registered capital accounted for 6.03 percent of the liabilities and shareholders' equity. The rest of registered capital will reserve for exercising ECF-W1. Now there are warrants not been used for exercising totaling 211,042,396 units.
- The Company's share premium as of December 31, 2014, 2015 and 2016, was valued at 105.48 million baht, 113.03 million baht and 117.69 million baht respectively. In 2014, it was a result of the IPO in March 2013 that had an IPO price 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. In 2015 and 2016, premium on shares came from the result of exercising warrants totaling 12.21 million baht.
- The Company's unappropriated retained earnings As of December 31, 2014, 2015 and 2016 equaled 187.96 million baht, 245.81 million baht, and 294.97 million baht, respectively. As of

December 31, 2016, the Company's unappropriated retained earnings represented 12.51 percent of its liabilities and shareholders' equity. The unappropriated retained earnings as of December 31, 2016 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. However after the date on the Financial Statements, the Board of Directors resolved to propose the Annual General Meeting of Shareholders for the year 2017 to consider dividends payment at 0.0535 baht per share from the operation result of 2016, totalling 30.45 million baht, which could divided into 0.0154 baht per share derived from tax exemption profit portion according to Board of Investment (BOI) privilege; and 0.0381 baht per share, respectively. The payment will be made within the end of May 2017.

Cash flows for the fiscal year, which ended on December 31, 2016

Net cash from (used in) operating activities

The Company had significant factors result in net cash flow from operation activities from increase of inventories 176.58 million baht. Moreover it came from other non-current assets increasing 57.77 million baht which there was a part of deposit 50 million baht in order that this deposit complied with the agreement of feasibility study of a solar power plant including advance payment which was a part of other current assets increased 11.92 million baht. That advance payment relates to the preparation of energy business investment. As above-mentioned items resulted to net cash from operating activities minus 100.85 million baht decreased from 2015, when cash flows from its operations equaled 12.16 million baht.

Net cash from (used in) investment activities

The Company's cash involved in investment activities equaled minus 68.29 million baht. The major transaction in 2016 was investing in temporary investment increased 75.06 million baht, short-term loan for other company 50.00 million baht and paying cash of 35.23 million baht, increasing for buildings and equipments expenses.

Net cash from (used in) financing activities

The Company's net cash used in financing activities equated to 516.71 million baht. The major transaction was cash of 500.00 million baht from the issuance and offering debentures and overdraft and short-term loans from financial institution increased 132.56 million baht.

As of December 31, 2016 the Company's cash and cash equivalents equaled 408.67 million baht increasing from as of December 31, 2015 that there was cash and cash equivalents equaled 61.10 million baht.

For the year 2016 average inventory period was 71.20 days, average collection period was 53.25 days, and average repayment period was 65.52 days. As the result, the Company's cash cycle was 58.93 days, which increased from 2015 that there was cash cycle 50.66 days. In this regard, cash cycle will be calculated from average inventory period ratio plus average collection period 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

Unit : million baht

	2014	2015	2016
Expenses for investment in fix assets	25.40	25.71	37.20

Notice from the certified accountant for the financial statements as of 31 December 2016

- None -



Forward Looking: Factors and events that may significantly affect financial status and operation in the future.

In 2016, the company operate the main business which is the manufacture of furniture made from particle board and rubber wood. Although in 2016, the company was not affected by global and domestic economic declines, the company still plan the strategies to face challenges in the future, also manage the risk by operating new business to avoid the extreme price competition of furniture manufacturing business. Besides, the manufacturers from our neighboring countries are still the important competitors of Thai manufacturers.

Therefore, the forward looking factors and events that may affect financial status and operation in the future, the Company consider that the establishment of ECF Power Co.,Ltd. as a subsidiary finished on January 2017 so as to be the investor for renewable energy business. Later on 13 February 2017 the Board of Directors Meeting No.2/2017 resolved the investment in biomass power plant of Prize of Wood Green Energy Co.,Ltd. ("Project" or "PWGE"), now the project is on the process of construction of biomass power plant with installed capacity 7.5 MW at Wang District, Narathiwat Province. PWGE will be held shares by Safe Energy Holdings Co.,Ltd. ("SAFE") as the associate of the Company (ECF Power as the Company's subsidiary will hold shares of SAFE 33.37 percent) that SAFE will enter into this transaction by share purchase from PWGE 99.9999. In this regard, this transaction will be finished within quarter 2nd 2017. In the event that this project could start commercial operation date (COD), this will result to the subsidiary of the Company could also start realizing the revenue from power plant business since 2017.

Financial Statements and Notes to Financial Statements



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

**Financial Statements
For the Year Ended December 31, 2016
and Report of Certified Public Accountant**

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

M.R. & ASSOCIATES CO., LTD.

Suite # 705-706 Chaophya Tower
(Shangri-La Hotel)
89 Soi Wat Suan Plu, New Road
Bangrak, Bangkok 10500, Thailand
Tel : 66 (2) 630 7500
Fax : 66 (2) 630 7506

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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

Opinion

I have audited the consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2016, and the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Accuracy of Accounting for Revaluation of Land, Buildings, and Machinery

Risk Description

The Company has the policy for frequency of the revaluation of land, buildings, and machinery in every five years (or when the Company found that the fair value of any revalued asset differs materially from its carrying amount). The five-year frequency of the revaluation was reached in 2016. Accordingly, the Company's management arranged the revaluation of land, buildings, and machinery near the end of 2016 in order to recognize the fair value of assets that may change from their carrying amounts as of the revaluation date. Land, buildings, and machinery are core operating assets of the Company and have occupied material portion of total assets both in the consolidated financial statements and the separate financial statements.

The revaluation principally included (1) collection and summarization of information and various asset records (especially for machinery) which contained complexity due to a portion of assets were first-time revalued in five years ago and (2) use of works of specialist, i.e. independent appraiser, in order to compare amounts resulted from revaluation or reappraisal (fair value), item by item, with the accounting information and asset records (carrying amount) and then calculate the differences for recognition of such differences with increase or decrease to the carrying amounts of assets whereby some assets may incur impairment that required recognition. The accuracy of accounting for revaluation of land, buildings, and machinery is subject to the accuracy and completeness of information and various asset records as discussed in (1) and (2) above.

Significant accounting policies, other information, and the outcome relating to the revaluation of land, buildings, and machinery were disclosed in Notes 3 and 12 to the financial statements.

Responses to the Risk

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

- Inquired and gathered understanding with respect to relevant personnel, procedures, and detail of the Company's revaluation of assets;
- Reviewed the independence, qualification, and competency on performance of independent appraiser, chosen by the Company as specialist on the revaluation or reappraisal for fair value of assets;
- Read and gathered understanding in the fair value appraisal report of independent appraiser, and assess for the reasonableness of input data and approach used by independent appraiser in calculation and determination of the fair value of assets; and
- Tested for accuracy and completeness of information and various asset records used in comparison and determination of the differences, then recalculated for accuracy of the identified differences as well as reviewed the related accounting entries of the Company.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this report of certified public accountant is Mr. Pisit Chiwaruangroch.



(Pisit Chiwaruangroch)
Certified Public Accountant
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 28, 2017

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 AND 2015

ASSETS

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2016	2015	2016	2015
CURRENT ASSETS					
Cash and cash equivalents		408,670,090	61,097,222	355,824,558	59,149,251
Current investment	6	75,312,542	-	75,312,542	-
Trade receivables					
- Related parties	4, 5	8,088,802	8,502,735	15,854,656	14,553,249
- Other parties - net	5	195,015,531	189,187,055	187,897,324	184,504,259
Inventories - net	7	756,795,208	578,629,895	745,572,859	572,265,547
Short-term loans to and interest receivable from related party	4	-	-	-	5,126,154
Short-term loans to other party (interest at 6.25% p.a., due in March 2017)		50,000,000	-	50,000,000	-
Other current assets - net					
- Value-added tax receivable		11,381,925	5,467,283	8,970,206	5,185,318
- Prepaid expenses		9,706,298	5,376,320	8,024,973	5,089,192
- Other receivables (net of allowance for doubtful accounts of Baht 657,446 in 2016 and Baht 34,593 in 2015)		7,033,557	8,202,241	7,033,557	8,202,241
- Advances		7,029,451	-	6,357,496	-
- Others		3,697,770	5,501,403	3,490,518	4,438,499
Total Current Assets		1,532,731,174	861,964,154	1,464,338,689	858,513,710
NON-CURRENT ASSETS					
Restricted deposits at bank	8	30,868,111	30,601,433	30,868,111	30,601,433
Investment in subsidiaries accounted for using the cost method	9	-	-	8,499,500	1,509,500
Investment in associate accounted for using the equity method	10	8,003,697	60,895,585	-	-
Investment in held-to-maturity debt securities	11	2,000,000	2,000,000	2,000,000	2,000,000
Property, plant and equipment - net	12, 14, 18, 19	351,769,776	360,463,110	347,820,612	359,316,124
Asset revaluation surplus - net	12	347,597,630	160,875,586	347,597,630	160,875,586
Intangible assets - net	13	3,332,938	2,953,917	2,374,231	2,953,917
Deferred tax assets	23	3,889,608	2,692,611	3,682,932	2,418,632
Other non-current assets					
- Deposits and guarantees	4, 31	68,412,266	15,922,957	64,275,735	12,854,427
- Others - net	4	8,673,206	7,830,989	4,272,989	4,047,656
Total Non-Current Assets		824,547,232	644,236,188	811,391,740	576,577,275
TOTAL ASSETS		2,357,278,406	1,506,200,342	2,275,730,429	1,435,090,985

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 AND 2015

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2016	2015	2016	2015
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings from financial institutions	8, 12, 14	672,872,559	540,239,129	617,872,559	480,239,129
Factoring payables	5	60,242,911	50,780,033	60,242,911	50,780,033
Trade payables					
- Related party	4	192,593	345,125	192,593	345,125
- Other parties		177,637,693	179,745,724	177,193,626	179,616,126
Other payables - related parties	4	1,964,181	2,040,139	1,986,681	2,071,245
Short-term loans from and interest payable to related person	4	-	10,585,179	-	-
Current portion of liabilities under hire purchase and finance lease agreements	12, 19	10,832,204	11,334,193	10,832,204	11,334,193
Current portion of long-term borrowings	12, 18	85,976,548	63,406,926	72,776,549	63,406,926
Income tax payable		4,244,722	7,652,466	4,242,429	7,652,466
Accrued expenses and other current liabilities	15	62,273,109	51,976,662	60,456,630	45,125,061
Total Current Liabilities		1,076,236,520	918,105,576	1,005,796,182	840,570,304
NON-CURRENT LIABILITIES					
Long-term borrowings - net	12, 18	67,167,804	114,361,718	57,748,013	114,361,718
Debentures - net	16	498,310,345	-	498,310,345	-
Liabilities under hire purchase and finance lease agreements - net	12, 19	3,974,604	11,197,520	3,974,604	11,197,520
Deferred gain on sales and leaseback	12, 19	79,674	130,450	79,674	130,450
Deferred tax liabilities	12, 23	46,497,663	5,365,870	46,497,663	5,365,870
Liability for post-employment benefits	17	5,920,461	3,379,936	5,920,461	3,379,936
Total Non-Current Liabilities		621,950,551	134,435,494	612,530,760	134,435,494
Total Liabilities		1,698,187,071	1,052,541,070	1,618,326,942	975,005,798

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 AND 2015

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2016	2015	2016	2015
SHAREHOLDERS' EQUITY					
Authorized share capital - 780,000,000					
common shares, Baht 0.25 par value	20	195,000,000	195,000,000	195,000,000	195,000,000
Issued and paid-up share capital - 568,826,050					
common shares, Baht 0.25 par value in 2016 and					
550,190,600 common shares, Baht 0.25 par value in 2015	20	142,206,513	137,547,650	142,206,513	137,547,650
Premium on shares	20	117,689,394	113,030,532	117,689,394	113,030,532
Retained earnings					
- Appropriated for legal reserve	21	19,500,000	19,500,000	19,500,000	19,500,000
- Unappropriated		294,967,124	245,814,832	294,211,474	252,139,083
Total		574,363,031	515,893,014	573,607,381	522,217,265
Other components of equity		82,342,036	(59,755,014)	83,796,106	(62,132,078)
Equity attributable to Owners of the Parent		656,705,067	456,138,000	657,403,487	460,085,187
Non-controlling interests		2,386,268	(2,478,728)	-	-
Total Shareholders' Equity		659,091,335	453,659,272	657,403,487	460,085,187
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY					
		2,357,278,406	1,506,200,342	2,275,730,429	1,435,090,985

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2016	2015	2016	2015
REVENUES					
Net sales	4	1,370,779,827	1,334,097,280	1,354,413,310	1,333,279,394
Other income					
- Unrealized gain on valuation of fair value of derivatives		24,509	3,291,507	24,509	3,291,507
- Gain on exchange rate		2,420,473	2,222,076	2,257,418	2,150,326
- Others	4, 19	21,683,399	18,689,865	21,310,268	19,863,420
Total Revenues		1,394,908,208	1,358,300,728	1,378,005,505	1,358,584,647
EXPENSES					
Cost of sales	4	983,265,209	981,740,667	974,958,520	981,872,575
Selling expenses	4	158,874,490	134,167,351	144,298,795	132,727,830
Administrative expenses	4, 12, 13	155,455,159	118,652,899	143,873,985	112,867,064
Finance costs	4, 19	54,429,589	38,734,778	48,873,981	36,547,191
Total Expenses	22	1,352,024,447	1,273,295,695	1,312,005,281	1,264,014,660
Share of Profit (Loss) from Investment in Associates		32,832,113	(844,962)	-	-
PROFIT BEFORE INCOME TAX EXPENSE		75,715,874	84,160,071	66,000,224	94,569,987
Income Tax Expense	23, 26	10,709,230	13,986,530	10,639,634	13,977,058
PROFIT FOR THE YEAR		65,006,644	70,173,541	55,360,590	80,592,929

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2016	2015	2016	2015
Other Comprehensive Income (Loss)					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
- Actuarial loss on remeasurement of liability for post-employment benefits (net of income tax effect by Baht 378,062)	17	(1,512,248)	-	(1,512,248)	-
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Share of other comprehensive income from associate		2,952,617	4,660,909	-	-
- Gain on revaluation of assets (net of income tax effect by Baht 41,598,350)	12	166,393,399	-	166,393,399	-
<i>Portion that was reclassified to share of profit from investment in associates</i>	10	(6,494,908)	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>161,338,860</u>	<u>4,660,909</u>	<u>164,881,151</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>226,345,504</u></u>	<u><u>74,834,450</u></u>	<u><u>220,241,741</u></u>	<u><u>80,592,929</u></u>
Profit (Loss) Attributable to:					
Owners of the parent		62,440,491	75,426,114	55,360,590	80,592,929
Non-controlling interests		2,566,153	(5,252,573)	-	-
Profit for the Year		<u><u>65,006,644</u></u>	<u><u>70,173,541</u></u>	<u><u>55,360,590</u></u>	<u><u>80,592,929</u></u>
Total Comprehensive Income (Loss)					
Attributable to:					
Owners of the parent		224,944,578	77,803,178	220,241,741	80,592,929
Non-controlling interests		1,400,926	(2,968,728)	-	-
Total Comprehensive Income for the Year		<u><u>226,345,504</u></u>	<u><u>74,834,450</u></u>	<u><u>220,241,741</u></u>	<u><u>80,592,929</u></u>
Basic Earnings per Share (Baht)	24	<u><u>0.112</u></u>	<u><u>0.144</u></u>	<u><u>0.099</u></u>	<u><u>0.154</u></u>
Diluted Earnings per Share (Baht)	24	<u><u>0.106</u></u>	<u><u>0.138</u></u>	<u><u>0.094</u></u>	<u><u>0.147</u></u>

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	In Baht												
	Consolidated												
	Other Components of Equity												
	Note	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings		Revaluation Surplus on Assets - Net	Surplus on Business Combination under Common Control	Share of Other Comprehensive Income from Associate	Loss on Change in Proportion of Investment in Subsidiary	Total Other Components of Equity	Equity Attributable to Owners of the Parent	Non-Controlling Interests	Total Shareholders' Equity
Appropriated for Legal Reserve				Unappropriated									
Beginning balance as at January 1, 2015													
	130,000,000	105,482,882	16,600,000	187,960,767	176,717,658	(217,641,795)	-	-	(40,924,137)	399,119,512	-	399,119,512	
	-	-	-	-	-	-	-	-	-	-	490,000	490,000	
	-	-	2,900,000	(2,900,000)	-	-	-	-	-	-	-	-	
	-	-	-	(35,879,990)	-	-	-	-	-	(35,879,990)	-	(35,879,990)	
	7,547,650	7,547,650	-	-	-	-	-	-	-	15,095,300	-	15,095,300	
	-	-	-	21,207,941	(21,207,941)	-	-	-	(21,207,941)	-	-	-	
	-	-	-	75,426,114	-	-	2,377,064	-	2,377,064	77,803,178	(2,968,728)	74,834,450	
Ending balance as at December 31, 2015													
	137,547,650	113,030,532	19,500,000	245,814,832	155,509,717	(217,641,795)	2,377,064	-	(59,755,014)	456,138,000	(2,478,728)	453,659,272	
	-	-	-	-	-	-	-	-	-	-	2,010,000	2,010,000	
	-	-	-	-	-	-	-	(1,454,070)	(1,454,070)	(1,454,070)	1,454,070	-	
	-	-	-	(32,241,166)	-	-	-	-	-	(32,241,166)	-	(32,241,166)	
	4,658,863	4,658,862	-	-	-	-	-	-	-	9,317,725	-	9,317,725	
	-	-	-	20,465,215	(20,465,215)	-	-	-	(20,465,215)	-	-	-	
	-	-	-	(1,512,248)	-	-	-	-	-	(1,512,248)	-	(1,512,248)	
	-	-	-	62,440,491	166,393,399	-	(2,377,064)	-	164,016,335	226,456,826	1,400,926	227,857,752	
Ending balance as at December 31, 2016													
	142,206,513	117,689,394	19,500,000	294,967,124	301,437,901	(217,641,795)	-	(1,454,070)	82,342,036	656,705,067	2,386,268	659,091,335	

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

		In Baht									
		Separate Financial Statements									
	Note	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings		Total	Other Components of Equity			Total Other Components of Equity	Total Shareholders' Equity
				Appropriated for Legal Reserve	Unappropriated		Revaluation Surplus on Assets - Net	Surplus on Business Combination under Common Control	Surplus on		
Beginning balance as at January 1, 2015		130,000,000	105,482,882	16,600,000	189,118,203	441,201,085	176,717,658	(217,641,795)	(40,924,137)	400,276,948	
Appropriation for legal reserve	21	-	-	2,900,000	(2,900,000)	-	-	-	-	-	
Payment of dividends	25	-	-	-	(35,879,990)	(35,879,990)	-	-	-	(35,879,990)	
Proceeds from increase in share capital	20	7,547,650	7,547,650	-	-	15,095,300	-	-	-	15,095,300	
Transfer to retained earnings		-	-	-	21,207,941	21,207,941	(21,207,941)	-	(21,207,941)	-	
Total comprehensive income for the year		-	-	-	80,592,929	80,592,929	-	-	-	80,592,929	
Ending balance as at December 31, 2015		137,547,650	113,030,532	19,500,000	252,139,083	522,217,265	155,509,717	(217,641,795)	(62,132,078)	460,085,187	
Payment of dividends	25	-	-	-	(32,241,166)	(32,241,166)	-	-	-	(32,241,166)	
Proceeds from increase in share capital	20	4,658,863	4,658,862	-	-	9,317,725	-	-	-	9,317,725	
Transfer to retained earnings		-	-	-	20,465,215	20,465,215	(20,465,215)	-	(20,465,215)	-	
Actuarial loss on remeasurement	17	-	-	-	(1,512,248)	(1,512,248)	-	-	-	(1,512,248)	
Total comprehensive income for the year		-	-	-	55,360,590	55,360,590	166,393,399	-	166,393,399	221,753,989	
Ending balance as at December 31, 2016		142,206,513	117,689,394	19,500,000	294,211,474	573,607,381	301,437,901	(217,641,795)	83,796,106	657,403,487	

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	In Baht			
	Consolidated		Separate Financial Statements	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expense	75,715,874	84,160,071	66,000,224	94,569,987
Adjustments				
Depreciation and amortization	71,458,406	69,450,128	68,694,695	69,381,893
Increase in allowance for doubtful accounts	287,099	443,455	623,616	490,811
Expenses on post-employment benefits	650,215	99,005	650,215	99,005
Decrease in allowance for diminution in value of inventories	(1,620,802)	(5,381,226)	(1,620,802)	(5,381,226)
Share of loss (gain) from investment in associates	(32,832,113)	844,962	-	-
Unrealized gain on valuation of fair value of derivatives	(24,509)	(3,291,507)	(24,509)	(3,291,507)
Unrealized gain on valuation of fair value of current investment	(254,361)	-	(254,361)	-
Unrealized loss on exchange rate	45,004	687	47,390	687
Gain on sales of machinery and equipment	(49,039)	(62,749)	(49,039)	(62,749)
Loss on impairment of fixed assets	5,459,343	-	5,459,343	-
Interest income	(9,286,580)	(1,576,515)	(9,256,828)	(2,794,914)
Interest expense	54,429,589	38,734,778	48,873,981	36,547,191
Decrease (increase) in operating assets				
Trade receivables	(5,030,529)	(42,548,774)	(4,649,361)	(42,979,933)
Inventories	(176,576,511)	(153,330,210)	(171,718,510)	(146,965,862)
Other current assets	(11,923,329)	880,608	(9,252,009)	2,247,333
Other non-current assets	(57,771,637)	(13,956,948)	(54,021,553)	(7,038,418)
Increase (decrease) in operating liabilities				
Trade payables	(2,278,698)	44,908,892	(2,593,167)	44,779,294
Other payables - related parties	(75,958)	(63,888)	(84,564)	(32,782)
Accrued expenses and other current liabilities	4,230,736	8,422,040	9,272,716	1,655,506
Cash received (paid) from operating activities	(85,447,800)	27,732,809	(53,902,523)	41,224,316
Income tax paid	(15,402,466)	(15,568,607)	(15,402,466)	(15,568,607)
Net Cash Provided by (Used in) Operating Activities	(100,850,266)	12,164,202	(69,304,989)	25,655,709

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	In Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in restricted deposits at bank	(266,678)	(601,433)	(266,678)	(601,433)
Increase in current investment	(75,058,181)	-	(75,058,181)	-
Increase in loans to related party	-	-	(13,500,000)	(60,000,000)
Decrease in loans to related party	-	-	17,407,755	56,092,245
Increase in loans to other party	(50,000,000)	-	(50,000,000)	-
Increase in investment in associates	(8,500,000)	(57,079,638)	-	-
Proceeds from decrease and return of share capital from associate	69,730,285	-	-	-
Increase in plant and equipment	(35,231,406)	(27,018,551)	(31,736,008)	(25,869,997)
Increase in intangible assets	(1,966,299)	(12,981)	(1,002,300)	(12,981)
Increase in investment in subsidiaries	-	-	(6,990,000)	(510,000)
Proceeds from sales of machinery and equipment	1,028,037	2,243	1,028,037	2,243
Dividends received from associates	20,951,425	-	-	-
Interest received	11,022,906	999,016	12,141,341	999,016
Net Cash Used in Investing Activities	(68,289,911)	(83,711,344)	(147,976,034)	(29,900,907)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in bank overdrafts and short-term borrowings from financial institutions	132,561,148	209,208,510	137,561,148	149,208,510
Increase in factoring payables	9,462,878	9,005,664	9,462,878	9,005,664
Increase in short-term loans from related parties	-	10,500,000	50,000,000	-
Repayments to short-term loan from related parties	(10,500,000)	-	(50,000,000)	-
Decrease in liabilities under hire purchase and finance lease agreements	(12,469,834)	(10,767,703)	(12,469,834)	(10,767,703)
Increase in long-term borrowings	38,160,000	4,100,000	16,440,000	4,100,000
Repayments of long-term borrowings	(62,784,292)	(60,096,969)	(63,684,082)	(60,096,969)
Increase in non-controlling interests	2,010,000	490,000	-	-
Issuances of debentures	500,000,000	-	500,000,000	-
Debenture issuance costs	(2,625,000)	-	(2,625,000)	-
Proceeds from increase in share capital	9,317,725	15,095,300	9,317,725	15,095,300
Dividends paid	(32,241,166)	(35,879,990)	(32,241,166)	(35,879,990)
Interest paid	(54,178,414)	(41,031,959)	(47,805,339)	(38,673,780)
Net Cash Provided by Financing Activities	516,713,045	100,622,853	513,956,330	31,991,032

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	In Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
NET INCREASE IN CASH AND CASH EQUIVALENTS	347,572,868	29,075,711	296,675,307	27,745,834
Cash and Cash Equivalents at Beginning of Year	61,097,222	32,021,511	59,149,251	31,403,417
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>408,670,090</u>	<u>61,097,222</u>	<u>355,824,558</u>	<u>59,149,251</u>
Supplementary disclosures of cash flow information:				
a. Cash and cash equivalents at end of year				
Cash in hand	670,176	547,195	450,347	378,015
Current accounts at banks	18,289,339	16,100,237	16,963,943	14,321,446
Savings deposits at banks	74,710,575	44,449,790	23,410,268	44,449,790
Short-term fixed deposit at bank	30,000,000	-	30,000,000	-
Short-term investment in bill of exchange	285,000,000	-	285,000,000	-
Total	<u>408,670,090</u>	<u>61,097,222</u>	<u>355,824,558</u>	<u>59,149,251</u>
b. Non-cash transactions				
Purchases of vehicles by means of hire purchase and finance lease agreements	4,744,929	4,799,978	4,744,929	4,799,978

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

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

1. GENERAL

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

The Company’s head office is located at 37/9 Moo 3 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 18 which comprise 4 branches located in Nonthaburi, 2 branches in Bangkok, Pathumthani, Chonburi and Nakhon Ratchasima, and 1 branch in Rayong, Chiangmai, Chachoengsao, Songkhla, Surat Thani and Samut Prakan.

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.

ECF Holdings Co., Ltd., the subsidiary of which shares are held at 51% by the Company, was registered a limited company in Thailand on February 23, 2015 and is engaged as holding company and in retail shops for sundry goods imported from Japan. The registered office of the subsidiary is located at 37/4 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110 (see Note 9).

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which is core functional currency of the Group, and 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 otherwise 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, 2016 and 2015 included the accounts of the Company and its subsidiaries in which the Company has the controlling power or direct / indirect shareholding as follows:

Name of Subsidiaries	Type of Business	Country of Incorporation and Operation	Percentage of Shareholding	
			2016	2015
VV-Décor Co., Ltd.	Sales of laminating papers and furniture- decorating supplies	Thailand	99.95	99.95
ECF Holdings Co., Ltd.	Holding company and retail shops for sundry goods imported from Japan	Thailand	75.00	51.00

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

Starting from January 1, 2016, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), revised and newly issued by FAP, which became effective from the accounting period starting on or after January 1, 2016. The aforesaid adoption of new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Group.

Subsequently, FAP issued several Notifications which were announced in the Royal Gazette during 2016 regarding the revision of aforesaid TAS and TFRS as well as TSIC and TFRIC with effective from the accounting period starting on or after January 1, 2017 whereby the Group had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such revised TAS and TFRS as well as TSIC and TFRIC are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Presentation and Disclosure
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 “Financial Reporting in Hyperinflationary Economies”
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

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

The Company and its subsidiaries disclosed information for the year ended December 31, 2015 for being the comparative information in the financial statements for the year ended December 31, 2016 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 subsidiaries (“the Group”).

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

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

Foreign Currencies

Transactions in foreign currencies

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

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

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

Foreign entity

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period (the closing rate).

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the investment is disposed.

Investment in Associates

Investment in associates in the consolidated financial statements is accounted for using the equity method.

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of profit or loss of associates, on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of loss exceeds its interest in any associate, the investment in such associate shall be reduced to nil and recognition of further loss shall be ceased except to the extent that the Company has legal or constructive obligations or consents to settle the obligations on behalf of the associate.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Current Investment

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

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

Use of Estimates

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

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

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

- Allowance for doubtful accounts of trade receivables and other receivables
- Net realizable value and allowance for losses on diminution in value of inventories
- Useful lives and residual values of building and equipment and intangible assets
- Assumptions used in calculation of liability for post-employment benefits
- Expected periods that deferred tax assets will be realized or deferred tax liabilities will be settled
- Fair values and fair value measurements of financial assets, financial liabilities and financial instruments.

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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.

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

Inventories

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

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

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

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

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 and presents value for this investment at the amortized cost net of allowance for impairment (if any).

Property, Plant and Equipment

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

Land, building and building improvement, and machinery and equipment are stated at the revalued amounts, appraised by independent appraiser, net of accumulated depreciation and allowance for impairment. Revaluation in buildings and machinery is shown as "Asset revaluation surplus" with the corresponding separate accounts under "Shareholders' Equity" in the statements of financial position. 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 whereby the related revaluation surplus on assets will be directly transferred to the unappropriated retained earnings.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

The Group has 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. The appraisal value is Level 2 inputs of fair value hierarchy which Cost Approach was used as valuation technique and core information used in evaluation was purchase-sale prices of comparative asset in same / nearby area for land and machinery while core information used in evaluation was the adjusted or depreciated cost which was based on replacement cost of comparative asset in the same or nearby area for building and building improvement.

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

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

Impairment of Assets

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

In case that the carrying value of an asset exceeds its recoverable amount, the Group 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. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years. In addition, a reversal of an impairment loss on a revalued asset is recognized in other comprehensive income and increase the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognized in profit or loss in previous years, a reversal of that impairment loss is also recognized in profit or loss.

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.

The Group accounts 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.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Post-employment benefits

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

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

Surplus on Business Combination under Common Control

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

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

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.

Other income is recognized on an accrual basis.

Expense Recognition

Expenses are recognized on an accrual basis.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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.

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 the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy (see Note 28) whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

Provisions

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

Income Tax

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

Current tax

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

Deferred tax

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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 23 and 26).

Fair Value Measurements

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

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

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

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

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

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:

Name of Companies	Type of business	Type of relationship
VV-Décor Co., Ltd.	Sales of laminating papers and furniture-decorating supplies	Subsidiary
ECF Holdings Co., Ltd.	Holding company and retailers on sundry goods imported from Japan	Subsidiary
Safe Energy Group (Narathiwat 1) Co., Ltd.	Biomass power plant	Associate (See Note 10)
Safe Energy Group (Yala 1) Co., Ltd.	Biomass power plant	Associate (See Note 10)
Safe Energy Group (Pattani) Co., Ltd.	Biomass power plant	Associate (See Note 10)
Safe Energy Group (Songkhla) Co., Ltd.	Biomass power plant	Associate (See Note 10)
East Cost Design Co., Ltd.	Manufacturing & sales of furniture	Co-directors & co-shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors & co-shareholders
V-Chat Décor Co., Ltd.	Manufacturing & sales of laminating papers	Co-directors & co-shareholders
V-Chat Industry Co., Ltd.	Manufacturing & sales of dried sawn lumbers	Co-directors & co-shareholders
Index Living Mall Co., Ltd.	Sales of furniture	Directors are spouse
Index Interfurn Co., Ltd.	Manufacturing & sales of furniture	Directors are spouse

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Name of Companies	Type of business	Type of relationship
Khun Wallop Suksawad	-	Shareholder & director (key management)
Khun Varaporn Suksawad	-	Shareholder & director (key management)
Khun Chalee Suksawad	-	Shareholder & director (key management)
Khun Arak Suksawad	-	Shareholder & director (key management)
Khun Tippawan Suksawad	-	Shareholder & director (key management)
General Terdsak Marrome	-	Director (key management)
Khun Montee Socratyanurak	-	Director (key management)
Khun Songklod Jarusombuti	-	Director (key management)

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

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Sales of products	Prices approximated market prices
Interest income / interest expense	MOR
Space rental income	Mutually agreed price
Purchases of raw materials	Prices approximated market prices
Advertising and sales promotions	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
Guarantee of credit facilities by directors	No guarantee charge

Significant transactions with related parties for the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Sales of products				
Subsidiary	-	-	22,892	13,809
Related companies	28,038	28,719	28,038	28,719
Total	28,038	28,719	50,930	42,528
Interest income				
Subsidiary	-	-	110	1,218
Space rental income				
Subsidiary	-	-	8	7
Purchase of raw materials				
Related company	734	1,611	734	1,611
Advertising expense				
Subsidiary	-	-	100	-
Showroom rental and service charges				
Related company	20,714	17,946	20,714	17,946

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Decoration costs of showrooms (recorded as other non-current assets)				
Related companies	2,430	2,051	2,430	2,051
Interest expense				
Subsidiary	-	-	78	-
Related parties	-	85	-	-
Total	-	85	78	-
Key management's remunerations				
Short-term benefits	24,779	22,874	24,779	22,874
Post-employment benefits	722	38	722	38
Total	25,501	22,912	25,501	22,912

Significant outstanding balances with related parties as at December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Trade receivables				
Subsidiary	-	-	7,766	6,050
Related companies	8,089	8,503	8,089	8,503
Total	8,089	8,503	15,855	14,553
Short-term loans and interest receivable				
Interest receivable				
Subsidiary	-	-	-	1,218
Short-term loans				
Subsidiary (Interest rate at 6.3% p.a.)	-	-	-	3,908
Total	-	-	-	5,126
Deposits / guarantees on rental and services for showrooms				
Related company	4,925	4,250	4,925	4,250
Trade payables				
Related company	193	345	193	345
Other payables				
Related companies	1,964	2,040	1,987	2,071
Accrued expenses				
Subsidiary	-	-	23	-
Related companies	1,410	-	1,410	-
Total	1,410	-	1,433	-

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Short-term loans and interest payable				
Interest payable				
Related person	-	85	-	-
Short-term loans				
Related person				
Interest rate at 6.3% p.a.)	-	10,500	-	-
Total	-	10,585	-	-

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

	Separate Financial Statement (In Thousand Baht)			
	December 31, 2015	Increase	Decrease	December 31, 2016
Short-term loans to subsidiary				
ECF Holdings Co., Ltd.	3,908	13,500	17,408	-
Short-term loans from subsidiary				
ECF Holdings Co., Ltd.	-	50,000	50,000	-
	Consolidated (In Thousand Baht)			
	December 31, 2015	Increase	Decrease	December 31, 2016
Short-term loans from related person				
Director	10,500	472	10,972	-

During 2016, the subsidiary, i.e. ECF Holdings Co., Ltd., was (1) granted the short-term promissory note credit facilities amounting to Baht 50 million from a local securities company which bear interest at MLR-1 and (2) short term credit facilities for overdraft, letter of credit and trust receipt, forward exchange contracts and derivatives totalling Baht 105 million from a local bank whereby such credit facilities in (1) and (2) are guaranteed by three directors of the Company.

5. TRADE RECEIVABLES

As at December 31, 2016 and 2015, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
<i>Related companies</i>				
Current	5,075	4,960	10,900	10,650
Not over 3 months	3,001	3,539	4,942	3,899
Over 3 months - 6 months	-	4	-	4
Between 12 months	13	-	13	-
Total	8,089	8,503	15,855	14,553

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
<i>Other companies - net</i>				
Current	157,730	139,259	154,546	136,991
Not over 3 months	31,037	46,882	27,963	45,059
Between 3 months - 6 months	4,107	2,008	3,768	1,456
Between 7 months - 12 months	1,006	1,214	528	998
Between 12 months	3,338	2,362	2,261	1,168
Total	197,218	191,725	189,066	185,672
Less Allowance for doubtful accounts	(2,203)	(2,538)	(1,169)	(1,168)
Net	195,015	189,187	187,897	184,504

As at December 31, 2016 and 2015, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 89.05 million and Baht 63.84 million, respectively, with two local financial institutions (under credit facilities totalling Baht 195 million) whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 60.24 million and Baht 50.78 million, respectively. The Company presented such amounts of obligation under the recourse action as "Factoring payables" in the statements of financial position.

6. CURRENT INVESTMENT

	Consolidated and Separate Financial Statement (In Thousand Baht)
	2016
Unit trusts of mutual funds - at cost	75,058
Add Unrealized gain on valuation of fair value of investment	254
Total	75,312

7. INVENTORIES - NET

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Finished goods	217,803	171,148	206,581	164,784
Work-in-process	446,296	341,156	446,296	341,156
Raw materials	50,586	35,104	50,586	35,104
Factory supplies	36,191	28,664	36,191	28,664
Inventories in transit	11,678	9,937	11,678	9,937
Total	762,554	586,009	751,332	579,645
Less Allowance for diminution in value	(5,759)	(7,379)	(5,759)	(7,379)
Net	756,795	578,630	745,573	572,266

As at December 31, 2016 and 2015, 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, 2016 and 2015 amounting to approximately Baht 5.1 million and Baht 9.7 million, respectively.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

8. RESTRICTED DEPOSITS AT BANK

As at December 31, 2016 and 2015, the Company has collateralized its fixed deposits with a local bank amounting to approximately Baht 30 million as guarantees for its short-term packing credit facilities with such bank.

9. INVESTMENT IN SUBSIDIARY ACCOUNTED FOR USING THE COST METHOD

	Separate Financial Statement					
	Authorized and Paid-up Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2016	2015	2016	2015	2016	2015
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000
ECF Holdings Co., Ltd.	10,000	1,000	75.00	51.00	7,500	510
Total					<u>8,500</u>	<u>1,510</u>

During 2016 and 2015, the subsidiaries did not declare any dividends to the shareholders.

At the Board of Directors' meeting on November 11, 2015, the Board of Directors approved the increase in authorized share capital of ECF Holdings Co., Ltd. amounting to Baht 9 million (from previously Baht 1 million to Baht 10 million) and there was change in the Company's percentage of shareholding in such subsidiary from 51% to 75%. Such subsidiary registered this increase in share capital with the Ministry of Commerce on January 28, 2016

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

10. INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates presented in the consolidated statements of financial position as at December 31, 2016 and 2015 has detail as follows:

	Percentage of		In Thousand Baht					
	Shareholding		Authorized and		Investment Value		Dividends	
	2016	2015	2016	2015	2016	2015	2016	2015
	-	51.00	-	111,948*	-	60,895	-	-
ECF Tornado Energy GK								
Safe Energy Group (Narathiwat 1) Co., Ltd.	25.00	-	20,000	-	4,710	-	-	-
Safe Energy Group (Yala 1) Co., Ltd.	20.00	-	20,000	-	1,025	-	-	-
Safe Energy Group (Pattani) Co., Ltd.	25.00	-	5,000	-	1,282	-	-	-
Safe Energy Group (Songkhla) Co., Ltd.	25.00	-	5,000	-	987	-	-	-
Total investment in associates			<u>8,004</u>		<u>8,004</u>	<u>60,895</u>	<u>20,951</u>	

*JPY 410,007 thousand

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

During 2016, an associate i.e. ECF Tornado Energy GK sold its core operating assets to a non-related company in Japan and such associate was later liquidated. The associate decreased its share capital and returned in cash to its shareholders which was attributable to ECF Holdings Company Limited of approximately JPY 209.1 million (Baht 69.7 million). In addition, such associate paid cash dividends to the shareholders which was attributable to ECF Holdings Company Limited of approximately JPY 62.1 million (Baht 20.9 million). Other four associates i.e. Safe Energy Group (Narathiwat 1) Co., Ltd., Safe Energy Group (Yala 1) Co., Ltd., Safe Energy Group (Pattani) Co., Ltd., and Safe Energy Group (Songkhla) Co., Ltd. were registered for liquidation in December 2016 and are currently during the liquidation process. These associates continuously decreased their share capital and proportionately returned in cash to the shareholders during 2016.

11. 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.

As at December 31, 2016 and 2015, fair value of the aforesaid investment for each of the years amounting to approximately Baht 2.0 million, which was the Level 1 input of the fair value hierarchy.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

12. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	108	-	327	8,883
Building	135,849	-	-	-	135,849
Building improvement	42,882	131	-	121	43,134
Machinery and equipment	316,085	22,121	-	590	338,796
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	10,810	3,197	9	30	14,028
Furniture, fixtures and Showroom equipment	-	1,672	-	1,235	2,907
Vehicle	68,173	9,153	11,752	-	65,574
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	1,055	4,547	-	(2,303)	3,299
Total Cost	<u>686,031</u>	<u>40,929</u>	<u>11,761</u>	<u>-</u>	<u>715,199</u>
Accumulated Depreciation					
Land improvement	6,554	1,342	-	-	7,896
Building	32,739	6,791	-	-	39,530
Building improvement	8,665	2,524	-	-	11,189
Machinery and equipment	219,354	21,118	-	-	240,472
Electric system	1,808	163	-	-	1,971
Furniture, fixtures and office equipment	5,192	2,178	7	-	7,363
Furniture, fixtures and Showroom equipment	-	416	-	-	416
Vehicle	48,270	8,850	11,752	-	45,368
Utilities	2,986	779	-	-	3,765
Total Accumulated Depreciation	<u>325,568</u>	<u>44,161</u>	<u>11,759</u>	<u>-</u>	<u>357,970</u>
Allowance for Impairment					
Buildings and building improvement	-	2,527	-	-	2,527
Machinery and equipment	-	2,932	-	-	2,932
Total Allowance for Impairment	<u>-</u>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>5,459</u>
Net	<u>360,463</u>				<u>351,770</u>

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Separate Financial Statement (In Thousand Baht)

	Beginning Balance as at January 1, 2016	Movements During the Year			Ending Balance as at December 31, 2016
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	108	-	327	8,883
Building	135,849	-	-	-	135,849
Building improvement	42,882	131	-	121	43,134
Machinery and equipment	316,047	22,067	-	30	338,144
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	10,724	2,563	9	-	13,278
Vehicle	68,173	9,153	11,752	-	65,574
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	30	3,412	-	(478)	2,964
Total Cost	684,882	37,434	11,761	-	710,555
Accumulated Depreciation					
Land improvement	6,554	1,342	-	-	7,896
Building	32,739	6,791	-	-	39,530
Building improvement	8,665	2,524	-	-	11,189
Machinery and equipment	219,353	20,988	-	-	240,341
Electric system	1,808	163	-	-	1,971
Furniture, fixtures and office equipment	5,191	2,031	7	-	7,215
Vehicle	48,270	8,850	11,752	-	45,368
Utilities	2,986	779	-	-	3,765
Total Accumulated Depreciation	325,566	43,468	11,759	-	357,275
Allowance for Impairment					
Buildings and building improvement	-	2,527	-	-	2,527
Machinery and equipment	-	2,932	-	-	2,932
Total Allowance for Impairment	-	5,459	-	-	5,459
Net	359,316				347,821

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	Consolidated (In Thousand Baht)				Balance as at December 31, 2015
	Balance as at January 1, 2015	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	-	-	-	8,448
Building	116,972	-	-	18,877	135,849
Building improvement	39,584	2,721	-	577	42,882
Machinery and equipment	299,736	15,600	-	749	316,085
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	8,373	2,519	82	-	10,810
Vehicle	61,173	7,000	-	-	68,173
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	17,071	4,187	-	(20,203)	1,055
Total Cost	654,086	32,027	82	-	686,031
Accumulated Depreciation					
Land improvement	4,987	1,567	-	-	6,554
Building	26,416	6,323	-	-	32,739
Building improvement	6,172	2,493	-	-	8,665
Machinery and equipment	196,050	23,304	-	-	219,354
Electric system	1,596	212	-	-	1,808
Furniture, fixtures and office equipment	3,604	1,646	58	-	5,192
Vehicle	40,057	8,213	-	-	48,270
Utilities	2,207	779	-	-	2,986
Total Accumulated Depreciation	281,089	44,537	58	-	325,568
Net	372,997				360,463

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	Separate Financial Statement (In Thousand Baht)				Balance as at December 31, 2015
	Balance as at January 1, 2015	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	-	-	-	8,448
Building	116,972	-	-	18,877	135,849
Building improvement	39,584	2,721	-	577	42,882
Machinery and equipment	299,736	15,562	-	749	316,047
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	8,373	2,433	82	-	10,724
Vehicle	61,173	7,000	-	-	68,173
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	17,071	3,162	-	(20,203)	30
Total Cost	654,086	30,878	82	-	684,882
Accumulated Depreciation					
Land improvement	4,987	1,567	-	-	6,554
Building	26,416	6,323	-	-	32,739
Building improvement	6,172	2,493	-	-	8,665
Machinery and equipment	196,050	23,303	-	-	219,353
Electric system	1,596	212	-	-	1,808
Furniture, fixtures and office equipment	3,604	1,645	58	-	5,191
Vehicle	40,057	8,213	-	-	48,270
Utilities	2,207	779	-	-	2,986
Total Accumulated Depreciation	281,089	44,535	58	-	325,566
Net	372,997				359,316

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

Period in which the Company arranged the latest appraisal until the prior year ended for land, building and building improvement, and machinery and equipment was July 2011.

During October to November 2016, the Company arranged the reappraisals of its land, building and building improvement, and machinery and equipment. The independent appraiser, chosen by the Company for these reappraisals, was Pornsiam Consultant and Service Co., Ltd. who used the Cost Approach in their reappraisals.

The outcome of these reappraisals in 2016 (before the effect of deferred tax liabilities) resulted in the increase (decrease) in revaluation surplus of land, building and building improvement, machinery and equipment as well as impairment loss and allowance for impairment as follows:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Consolidated and Separate Financial Statement (In Thousand Baht)				
	Revaluation from Reappraisals	Accumulated Depreciation	Net	Allowance for Impairment
Land	38,451	-	38,451	-
Building and building improvement	174,486	(107,569)	66,917	(2,527)
Machinery and equipment	227,784	(125,161)	102,623	(2,932)
Total	440,721	(232,730)	207,991	(5,459)

The Company presented the loss on impairment of aforesaid assets as part of administrative expenses for the year ended December 31, 2016.

The revaluation surplus on land, building and building improvement, machinery and equipment is not available for dividend distribution.

Asset revaluation surplus as at December 31, 2016 and 2015 and movements during the years ended December 31, 2016 and 2015 (before deducting the effect from deferred tax liabilities) are as follows:

Consolidated and Separate Financial Statement (In Thousand Baht)					
	Beginning Balance as at January 1, 2016	Movements During the Year			Ending Balance as at December 31, 2016
		Addition	Deduction	Depreciation	
Land	-	38,451	-	-	38,451
Building and building improvement	132,068	67,705	788	(9,603)	189,382
Machinery and equipment	28,807	102,795	172	(11,666)	119,764
Total	160,875	208,951	960	(21,269)	347,597

Consolidated and Separate Financial Statement (In Thousand Baht)					
	Beginning Balance as at January 1, 2015	Movements During the Year			Ending Balance as at December 31, 2015
		Addition	Deduction	Depreciation	
Land	-	-	-	-	-
Building and building improvement	140,600	-	-	(8,532)	132,068
Machinery and equipment	42,979	-	-	(14,172)	28,807
Total	183,579	-	-	(22,704)	160,875

As at December 31, 2016 and 2015, the Company's land, building and building improvement, machinery and equipment of which carrying amounts totalling approximately Baht 290.6 million and Baht 263.0 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 14 and 18.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

As at December 31, 2016 and 2015, the Company's machinery and equipment and vehicles of which carrying amount totalling approximately Baht 23.5 million and Baht 28.3 million, respectively, were under the obligations and conditions of hire purchase and finance lease agreements as discussed in Note 19.

As at December 31, 2016 and 2015, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 184.1 million and Baht 159.8 million, respectively.

Depreciation of plant and equipment for the year 2016 amounted to approximately Baht 65.4 million in the consolidated financial statements and Baht 64.7 million in separate financial statements while for the year 2015 amounted to approximately Baht 67.2 million in the consolidated and separate financial statements. The aforesaid depreciation for each of the years were included the depreciation on revaluation surplus of buildings and machinery of approximately Baht 21.3 million and Baht 22.7 million, respectively, in the consolidated and separate financial statements.

13. INTANGIBLE ASSETS - NET

Consolidated (In Thousand Baht)					
	Beginning Balance as at January 1, 2016	Movements During the Year			Ending Balance as at December 31, 2016
		Addition	Deduction	Depreciation	
Cost	8,228	1,966	-	-	10,194
Accumulated amortization	(5,274)	(1,587)	-	-	(6,861)
Net	<u>2,954</u>	<u>379</u>	<u>-</u>	<u>-</u>	<u>3,333</u>
Separate Financial Statement (In Thousand Baht)					
	Beginning Balance as at January 1, 2016	Movements During the Year			Ending Balance as at December 31, 2016
		Addition	Deduction	Depreciation	
Cost	8,228	1,002	-	-	9,230
Accumulated amortization	(5,274)	(1,582)	-	-	(6,856)
Net	<u>2,954</u>	<u>(580)</u>	<u>-</u>	<u>-</u>	<u>2,374</u>
Consolidated and Separate Financial Statements (In Thousand Baht)					
	Beginning Balance as at January 1, 2015	Movements During the Year			Ending Balance as at December 31, 2015
		Addition	Deduction	Depreciation	
Cost	8,215	13	-	-	8,228
Accumulated amortization	(3,797)	(1,477)	-	-	(5,274)
Net	<u>4,418</u>	<u>(1,464)</u>	<u>-</u>	<u>-</u>	<u>2,954</u>

Amortization for each of the years ended December 31, 2016 and 2015 amounted to approximately Baht 1.5 million both in the consolidated and separate financial statement, which was presented as part of "Administrative expenses" in the statements of comprehensive income.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Bank overdrafts	28,036	15,794	28,036	15,794
Loans under packing credits	103,052	80,563	103,052	80,563
Loans under promissory notes	535,000	440,000	480,000	380,000
Loans under trust receipt agreements	6,785	3,882	6,785	3,882
Total	672,873	540,239	617,873	480,239

As at December 31, 2016 and 2015, the Company had overdraft lines with two local banks totalling Baht 50 million which bear interest at Minimum Overdraft Rate.

As at December 31, 2016 and 2015, the Company had packing credit facilities with two local banks totalling Baht 200 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

As at December 31, the Group had promissory note facilities with two local banks and two local securities companies totalling Baht 530 million (totalling Baht 480 million for the Company only) in 2016, and with two local banks and a local securities company totalling Baht 440 million (totalling Baht 380 million for the Company only) in 2015 which bear interest at 1.0% p.a. lower than Minimum Loan Rate.

As at December 31, 2016 and 2015 the Company had trust receipt facilities with two local banks totalling Baht 18 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

The abovementioned credit facilities are guaranteed by certain directors of the Company as well as land and fixed deposits of the Company's two directors, the Company's fixed deposits as discussed in Note 8, and the Company's land, buildings, and machinery and equipment as discussed in Note 12.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Other payables	19,306	17,158	18,095	10,928
Accrued advertising and sales promotion expenses	14,151	11,898	14,133	11,836
Accrued salary, wage, and welfares	8,186	8,436	8,180	8,431
Advances from customers	5,464	4,247	5,464	4,247
Accrued electricity	3,265	3,529	3,184	3,529
Accrued interest	3,288	633	3,281	633
Others	8,613	6,076	8,120	5,521
Total	62,273	51,977	60,457	45,125

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16. DEBENTURES

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2016	2015
Debentures	500,000	-
Less Deferred direct transaction costs on debenture issuance	(1,690)	-
Net	498,310	-

On May 26, 2016, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional investors of 500,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.4 % p.a. whereby interest is payable on a quarterly basis and will mature for redemption on February 26, 2018.

The abovementioned debentures have significant undertakings and conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

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

As at December 31, 2016, such debentures had fair values of approximately Baht 500.1 million, which is the Level 1 input of the fair value hierarchy.

17. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for the years ended December 31, 2016 and 2015 are as follows:

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2016	2015
Liability for post-employment benefits as at January 1	3,380	3,281
Current service cost	485	70
Interest cost	165	29
Expense recognized as profit or loss in statement of comprehensive income	650	99
Actuarial gain on measurement	1,890	-
Expense recognized in statement of comprehensive income	2,540	99
Employee benefit paid during the period	-	-
Liability for post-employment benefits as at December 31	5,920	3,380

Significant assumptions used in the calculation of liability for post-employment benefits as at December 31, 2016 and 2015 are as follows:

- Discount rate 2.87% p.a. in 2016 and 4.75% p.a. in 2015
- Salary escalation rate 6.43% p.a. in 2016 and 6.15% p.a. in 2015
- Employee turnover rate 11% - 48% p.a. in 2016 and 17% - 39% p.a. in 2015

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

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If assumption increased	If assumption decreased
Discount rate (increase/decrease by 0.5%)	(170)	183
Salary escalation rate (increase/decrease by 0.5%)	190	(178)
Employee turnover rate (increase/decrease by 1%)	(414)	486

18. LONG-TERM BORROWINGS

Long-term borrowings from three local banks in 2016 and 2015 comprised of:

	Consolidated (In Thousand Baht)	
	2016	2015
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	42,522	65,534
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	31,311	48,423
3) Loans under facilities amount of Baht 30 million, repayable monthly until December 2017, bear interest at 1.25% p.a. lower than Minimum Loan Rate	9,560	19,665
4) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	22,082	32,389
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	8,610	11,758
6) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	16,440	-
7) Loans under facilities amount of Baht 40 million, repayable monthly until March 2021, bear interest at Minimum Loan Rate	13,150	-
8) Loans under facilities amount of Baht 10 million, repayable monthly until March 2021, bear interest at Minimum Loan Rate	9,469	-
Total	153,144	177,769
Less Current portion	(85,976)	(63,407)
Net	67,168	114,362

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	Separate Financial Statement (In Thousand Baht)	
	2016	2015
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	42,522	65,534
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	31,311	48,423
3) Loans under facilities amount of Baht 30 million, repayable monthly until December 2017, bear interest at 1.25% p.a. lower than Minimum Loan Rate	9,560	19,665
4) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	22,082	32,389
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	8,610	11,758
6) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	16,440	-
Total	130,525	177,769
Less Current portion	(72,777)	(63,407)
Net	57,748	114,362

The above loans have guarantees as discussed in Notes 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.

19. LIABILITIES UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

	In Thousand Baht	
	2016	2015
Liabilities under hire purchase and finance lease agreements		
- Due for payments within one year	11,321	12,320
- Due for payments between 2-5 years	4,070	11,660
Total	15,391	23,980
Less Deferred interest	(585)	(1,448)
Liabilities under hire purchase and finance lease agreements - net of deferred interest	14,806	22,532
Less Current portion	(10,832)	(11,334)
Net	3,974	11,198

Amortized interest, which was presented as part of "Finance costs" in the statements of comprehensive income for the years 2016 and 2015, amounted to approximately Baht 1.1 million and Baht 1.5 million, respectively.

During the years 2011 to 2016, the Company entered into hire purchase agreements for its vehicles with five local banks and four private companies for the periods of 24 to 60 months whereby such hire purchase agreements will end during the years 2016 to 2019.

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

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	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2016	2015
Deferred gain on sales and finance leaseback	271	271
Less Cumulative recognized amount	(191)	(141)
Net	<u>80</u>	<u>130</u>

Gain on sales and finance leaseback which was recognized as part of “Other income” for the years 2016 and 2015 amounted to approximately Baht 51 thousand and Baht 84 thousand, respectively.

20. SHARE CAPITAL, PREMIUM ON SHARES AND WARRANTS

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2016		2015	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.25	<u>780,000</u>	<u>195,000</u>	<u>780,000</u>	<u>195,000</u>
Issued and paid-up shares					
as at January 1	0.25				
- Common shares		550,191	137,548	520,000	130,000
Exercise of warrants		18,635	4,659	30,191	7,548
As at December 31					
- Common shares	0.25	<u>568,826</u>	<u>142,207</u>	<u>550,191</u>	<u>137,548</u>

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

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.

Warrants

The Company issued and offered 259,868,446 units of free warrants (“ECF-W1”) to 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:

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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 29, 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 259,868,446 units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since August 18, 2014.

On November 30, 2015, warrants of 30,190,600 units were exercised for purchases of 30,190,600 common shares. Proceeds from the exercise of warrants amounted to Baht 15,095,300 (comprised the amounts for paid-up share capital of Baht 7,547,650 and premium on shares of Baht 7,547,650). The Company registered the increase in issued and paid-up share capital with the Ministry of Commerce on December 9, 2015. The remaining number of unexercised warrants was 229,677,846 units.

On May 31, 2016 and November 30, 2016, total warrants of 18,635,450 units were exercised for purchases of 18,635,450 common shares. Proceeds from the exercise of warrants amounted to Baht 9,317,725 (comprised the amounts for paid-up share capital of Baht 4,658,863 and premium on shares of Baht 4,658,863). The Company registered the increase in issued and paid-up share capital with the Ministry of Commerce on June 13, 2016 and December 9, 2016. The remaining number of unexercised warrants was 211,042,396 units.

21. 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.

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22. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Assemblies , raw materials, and supplies used	864,705	855,177	854,035	850,120
Employee expenses	239,887	222,056	233,261	219,756
Depreciation and amortization	71,458	69,450	68,695	69,382
Advertising and sales promotions	82,240	65,983	78,542	65,538
Finance costs	53,906	38,735	47,811	36,547
Electricity	35,392	36,194	36,620	36,194
Freight and transportation charges	37,667	35,711	34,438	34,211
Showroom rental and service charges	31,179	18,544	21,849	18,017
Repair and maintenance expenses	18,930	17,824	18,548	17,824
Fuels	9,805	10,140	9,805	10,140
Bank charges	9,928	5,893	9,005	5,893
Loss (reversal of loss) on diminution in value of inventories	(1,621)	(5,381)	(1,621)	(5,381)
Changes in finished goods and work-in-process	(151,051)	(138,113)	(146,905)	(131,749)

23. INCOME TAX

Corporate income tax recorded as expense for the years ended December 31, 2016 and 2015 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Income tax computed from accounting profit	15,274	16,832	13,200	18,914
Effects from non-deductible expenses	6,320	6,764	6,160	4,067
Effects from benefit of tax loss carryforward	4,639	-	-	-
Effects from additional deductible expenses or non-taxable income	(9,400)	(4,047)	(2,529)	(3,432)
Effects from reduction in income tax rate under investment promotion	(4,839)	(5,089)	(4,839)	(5,089)
Current tax on taxable profit	11,994	14,460	11,992	14,460
Adjustment to tax payable in respect of previous periods	-	38	-	38
Decrease (increase) in deferred tax assets	(819)	984	(886)	975
Decrease in deferred tax liabilities	(466)	(1,496)	(466)	(1,496)
Income tax presented in statement of comprehensive income	<u>10,709</u>	<u>13,986</u>	<u>10,640</u>	<u>13,977</u>
Decrease in deferred tax assets attributable to other comprehensive income	<u>-</u>	<u>-</u>	<u>(378)</u>	<u>-</u>
Increase in deferred tax liabilities from reappraisals of fixed assets	<u>41,598</u>	<u>-</u>	<u>41,598</u>	<u>-</u>

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As at December 31, 2016, a subsidiary had tax loss carry forward of approximately Baht 0.5 million whereby such loss carry forward is able to be used as tax credit until 2020.

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2016 and 2015 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
<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	1,152	1,476	1,152	1,476
- Allowance for doubtful accounts	824	515	617	240
- Allowance for impairment of building and equipment	1,092	-	1,092	-
- Deferred gain on sales and leaseback	16	26	16	26
- Liability for post-employment benefits	806	676	806	676
Total deferred tax assets	<u>3,890</u>	<u>2,693</u>	<u>3,683</u>	<u>2,418</u>
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items:				
- Unamortized debenture issuances costs	338	-	338	-
- Revaluation surplus on land	7,690	4,877	7,690	4,877
- Revaluation surplus on building - net	17,945	-	17,945	-
- Revaluation surplus on machinery - net	20,525	488	20,525	488
Total deferred tax liabilities	<u>46,498</u>	<u>5,365</u>	<u>46,498</u>	<u>5,365</u>

24. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share for the years ended December 31, 2016 and 2015 are determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Profit for the year, attributable to owners of the Company	<u>62,440</u>	<u>75,426</u>	<u>55,361</u>	<u>80,593</u>
Basic weighted average number of outstanding common shares	<u>559,258</u>	<u>522,647</u>	<u>559,258</u>	<u>522,647</u>
Basic earnings per share (Baht)	<u>0.112</u>	<u>0.144</u>	<u>0.099</u>	<u>0.154</u>

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Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2016 and 2015 are determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2016	2015	2016	2015
Profit for the year attributable to owners of the Company	62,440	75,426	55,361	80,593
Basic weighted average number of outstanding common shares	559,258	522,647	559,258	522,647
Effect from the right under the exercise of warrants	30,410	24,434	30,410	24,434
Diluted weighted average number of outstanding common shares	589,668	547,081	589,668	547,081
Diluted earnings per share (Baht)	0.106	0.138	0.094	0.147

25. PAYMENT OF DIVIDENDS

At the general shareholders' meeting held on April 8, 2016, the shareholders unanimously approved the Company to pay dividends for the 2015 operations to the shareholders at Baht 0.0586 per share totalling approximately Baht 32.24 million whereby such dividends will be paid from the promoted activities and non-promoted activities amounting to Baht 0.0153 per share and Baht 0.0433 per share, respectively. The Company paid such dividends to the shareholders on May 6, 2016

At the general shareholders' meeting held on April 16, 2015, the shareholders unanimously approved the Company to pay dividends for the 2014 operations to the shareholders at Baht 0.069 per share totalling approximately Baht 35.88 million whereby such dividends will be paid from the promoted activities and non-promoted activities amounting to Baht 0.0069 per share and Baht 0.0621 per share, respectively. The Company paid such dividends to the shareholders on May 12, 2015.

26. 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:

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- (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, 2016 and 2015 are as follows:

	2016 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	396,490	974,290	1,370,780
Other income (including unrealized gain on valuation of fair value of derivatives and gain on exchange rate)	1,216	22,912	24,128
Cost of sales	(281,761)	(701,504)	(983,265)
Selling expenses	(41,720)	(117,154)	(158,874)
Administrative expenses	(42,008)	(113,447)	(155,455)
Finance costs	(14,063)	(40,367)	(54,430)
Share of profit from investment in associates	-	32,832	32,832
Income tax expense	-	(10,709)	(10,709)
Profit for the year	<u>18,154</u>	<u>46,853</u>	<u>65,007</u>

	2015 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	364,490	969,607	1,334,097
Other income (including unrealized gain on valuation of fair value of derivatives and gain on exchange rate)	5,636	18,568	24,204
Cost of sales	(266,013)	(715,728)	(981,741)
Selling expenses	(36,084)	(98,083)	(134,167)
Administrative expenses	(30,551)	(88,102)	(118,653)
Finance costs	(9,826)	(28,909)	(38,735)
Share of loss from investment in associates	-	(845)	(845)
Income tax expense	-	(13,986)	(13,986)
Profit for the year	<u>27,652</u>	<u>42,522</u>	<u>70,174</u>

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	2016 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	396,490	957,923	1,354,413
Other income (including unrealized gain on valuation of fair value of derivatives and gain on exchange rate)	1,216	22,376	23,592
Cost of sales	(281,761)	(693,197)	(974,958)
Selling expenses	(41,720)	(102,578)	(144,298)
Administrative expenses	(42,008)	(101,866)	(143,874)
Finance costs	(14,063)	(34,811)	(48,874)
Income tax expense	-	(10,640)	(10,640)
Profit for the year	<u>18,154</u>	<u>37,207</u>	<u>55,361</u>

	2015 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	364,490	968,789	1,333,279
Other income (including unrealized gain on valuation of fair value of derivatives and gain on exchange rate)	5,636	19,669	25,305
Cost of sales	(266,013)	(715,859)	(981,872)
Selling expenses	(36,084)	(96,644)	(132,728)
Administrative expenses	(30,551)	(82,316)	(112,867)
Finance costs	(9,826)	(26,721)	(36,547)
Income tax expense	-	(13,977)	(13,977)
Profit for the year	<u>27,652</u>	<u>52,941</u>	<u>80,593</u>

27. 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 Group that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Group has two significant operating segments (identified by internal reporting segments), i.e. (1) wood furniture and particle boards (rubber wood furniture and particle board furniture) and (2) other segments, e.g. laminating papers, dried sawn lumbers, furniture-decorating supplies and retail shops for sundry goods imported from Japan, which has just been started with insignificant portion as compared to entire volumes and size of business activities. So these minor segments are insignificant portion. The transfers between segments were accounted for at cost whereby the accounting policies applied to operating segments of the Group is similar to those accounting policies discussed in Note 3. In addition, the Group is unable to apportion the segment information for assets and liabilities without incurring the excessive costs.

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Information on Products

	In Thousand Baht	
	Consolidated	
	2016	2015
Net sales		
- Wood furniture and particle boards	1,273,723	1,249,557
- Other products	97,057	84,540
Total	<u>1,370,780</u>	<u>1,334,097</u>
Other income (including unrealized gain/loss on valuation of fair value of derivatives and gain/loss on exchange rate)		
- Wood furniture and particle boards	20,857	22,573
- Other products	3,271	1,631
Total	<u>24,128</u>	<u>24,204</u>
Cost of sales		
- Wood furniture and particle boards	885,366	894,270
- Other products	97,899	87,471
Total	<u>983,265</u>	<u>981,741</u>
Other expenses		
- Wood furniture and particle boards	328,143	271,938
- Other products	7,784	20,462
Total	<u>335,927</u>	<u>292,400</u>
Profit (loss) before income tax expense		
- Wood furniture and particle boards	81,071	105,922
- Other products	(5,355)	(21,762)
Net	<u>75,716</u>	<u>84,160</u>

Information on Geographic Areas

	In Thousand Baht	
	Consolidated	
	2016	2015
Export sales - net		
- Japan	682,337	660,335
- Bahrain	38,475	69,658
- India	12,229	5,502
- United States of America	7,932	12,857
- Taiwan	7,453	9,817
- Philippine	7,106	6,836
- China	5,382	3,455
- Singapore	2,120	3,303
- Peru	3,968	4,805
- Malaysia	1,515	4,525
- Indonesia	-	5,943
- Other countries	7,900	666
Total	<u>776,417</u>	<u>787,702</u>
Domestic sales - net	<u>594,363</u>	<u>546,395</u>
Total sales - net	<u>1,370,780</u>	<u>1,334,097</u>

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The Group has 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	
	2016	2015
Net sales		
- Wood furniture and particle boards	56.76	53.31
- Other products	-	-
- Export	60.93	55.13
- Domestic	51.39	51.03
- Total	56.79	53.44

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

The Group are exposed to normal business risks relating to liquidity risk, credit risk, foreign currency risk, and interest rate risk. The Group has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes and there was no significant change in risk management policy relating to financial instruments during 2016 and 2015.

Liquidity Risk

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

Credit Risk

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

Foreign Currency Risk

The Group has significant business transactions internationally, including import of merchandises and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Group reduces this risk by matching cash receipt from its customers (receivables) against cash payment to its suppliers (payables). Since 2009, the Company has started using forward exchange contracts (buy-sell) to mitigate this risk (see Note 31).

As at December 31, 2016 and 2015, significant outstanding non-hedged foreign currency assets and liabilities are as follows:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

	Consolidated			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2016	2015	2016	2015
U.S. Dollar	1,605,025	-	218,575	-
Euro	-	-	51,100	-

	Separate Financial Statement			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2016	2015	2016	2015
U.S. Dollar	1,579,481	1,719,000	218,575	141,000
Euro	-	-	51,100	-

Interest Rate Risk

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

Fair Value Measurements

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

Cash and cash equivalents, restricted deposits at bank, trade and other receivables, loan receivables, bank overdrafts, loan payables, trade and other payables have carrying amounts that did not materially differ from their fair values because these financial assets and liabilities will mature in a short-term period or bear interest at the rates or approximated market rates.

Current investment is stated at fair value. Investment in held-to-maturity debt securities and debentures are stated at amortized cost of which the carrying amounts approximate their fair values.

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

29. CAPITAL MANAGEMENT

Significant objectives of capital management of the Group are to ensure that they have the appropriate financial structure and fund structure as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2016 and 2015.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 2.58 : 1.00 and 2.46 : 1.00, respectively, in 2016 and 2.32 : 1.00 and 2.12 : 1.00 in 2015.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016 and 2015

30. REGISTERED PROVIDENT FUND

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

The Company's contribution, which was charged to operations for the years 2016 and 2015, amounted to approximately Baht 1.5 million and Baht 1.1 million, respectively.

31. OTHERS

As at December 31, 2016;

- a. The Group has commitments on space lease and service agreements for its branch offices and retail shops for sundry goods with the term of 3 years whereby the last agreement will end in January 2019. Such commitments are as follows:

	<u>In Million Baht</u>
Due for payments within one year	30.3
Due for payments between 2-5 years	25.5
Total	<u>55.8</u>

- b. The Company has letters of guarantee issued by three local banks to two private companies and a government agency totalling approximately Baht 29.3 million;
- c. The Company has unused letters of credit with a local bank amounting to approximately Baht 5.0 million;
- d. The Company has commitment on construction of office building amounting to approximately Baht 23.5 million;
- e. The Company has the outstanding forward exchange contracts (buy and sell) as follows:

	<u>In Thousand</u>	
	<u>Foreign Currency</u>	<u>Fixed Baht</u>
Forward exchange contracts - buy		
- U.S. Dollar	106	3,766
Forward exchange contracts - sell		
- U.S. Dollar	81	2,898

In addition, the fair values of forward exchange contracts outstanding as at December 31, 2016 are as follows:

	<u>In Thousand Baht</u>
Forward exchange contracts - buy	
- U.S. Dollar	3,798
Forward exchange contracts - sell	
- U.S. Dollar	2,902

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2016 and 2015

The forward exchange contracts (buy and sell) as at December 31, 2016 had maturities in April and June 2017.

- f. The Company has commitment on payment of guarantee amounting to Baht 50.0 million for the feasibility study project of investment in an entity that operates solar power plant whereby total amount of guarantee under this project amounted to Baht 100.0 million which was partially paid by the Company to the major shareholders of such entity of Baht 50.0 million. Such paid amount was presented as part of “Deposits and guarantees” in the consolidated and separate statements of financial position as at December 31, 2016. In case the outcome of such study is not satisfied, the paid guarantee shall be entirely refunded to the Company.

32. EVENTS AFTER THE REPORTING PERIOD

On January 12, 2017, the Board of Directors passed the resolution to approve the establishment of an additional subsidiary i.e. ECF Power Company Limited (“ECF-P”) in order to engage as investment company in other entities doing the energy business e.g. biomass power or solar power. ECF-P was incorporated on January 16, 2017 with share capital of Baht 1 million (divided into 100,000 common shares, Baht 10 par value) whereby the Company has a percentage of shareholding in ECF-P of 99.99% whereas the rest is held by five shareholders and directors of the Company. Registered address of ECF-P is located at Amphur Klaeng, Rayong province. In addition, for more clearance in business direction, the Board of Directors also approved the business operating policy between ECF-P and other subsidiary, i.e. ECF Holdings Company Limited (“ECF-H”), whereby ECF-P is coded to engage in energy business whereas ECF-H is coded to engage in retail shops of sundry goods imported from abroad or other businesses that may occur in the future except those relating to energy business. Subsequently on February 7, 2017, Safe Energy Holdings Company Limited (“SAFE”) was established with initial share capital of Baht 1 million as the joint company between the Group and other non-related group of companies. ECF-P has the percentage of shareholding in SAFE of 49.98% while 0.02% is held by two directors of the Company, totalling 50%. SAFE is engaged as investment company in the entity doing the biomass power plant located at Amphur Waeng, Narathiwat province (i.e. Prize of Wood Green Energy Company Limited) (“PWGE”) whereby this investment was approved by the Board of Directors on February 13, 2017. SAFE is going to have the changes in shareholder structure with the major shareholders of PWGE whereby after the changes ECF-P shall have percentage of shareholding in SAFE of 33.37% and the rest shall be held by other group of companies of 33.37% and major shareholders of PWGE of 33.26%. Then SAFE will invest in PWGE at the percentage of shareholding of 99.99% and PWGE will accordingly be subsidiary of SAFE. Then SAFE will increase its share capital by Baht 425 million to be of Baht 426 million in order to support the investment project in PWGE whereby the portion attributable to ECF-P for investment in SAFE amounted to approximately Baht 141.7 million. ECF-P, as the Company’s subsidiary, shall have to increase its share capital by the aforesaid amount in the foreseeable future.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved to be issued by the Company’s Board of Directors’ meeting on February 28, 2017.

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	81	<ul style="list-style-type: none"> - <u>Honorary Degrees</u> Innovation for Education Technology Rajamangala University of Technology Phra Nakhon - <u>Bachelor of Science (B.S.)</u> Chulachomklao Royal Military Academy (CRMA) - <u>Command and General Staff College</u> - <u>Royal Thai Army War College</u> - <u>Course of Law for High-Level Commander</u> Ministry of Defence - <u>National Defence College</u> - <u>Certificate of Director Accreditation Program (DAP), Batch 10/2004, Thai Institute of Directors (IOD)</u> 	None	-	No change in shareholding proportion when compared between the years	2012 - Present - Chairman of the Boards / Audit Committee East Coast Furnitech Pcl. <i>(Listed Company)</i> 1986 - Present - Special Military Officer Stationed at 21st Infantry Regiment 1986 - Present - Advisory Chairman E-Tech Co., Ltd. <i>(Non-Listed Company)</i> 1992 - Present - Advisory Chairman Data Products Topping Form Co., Ltd. <i>(Non-Listed Company)</i> 1997 - Present - Special Royal Bodyguard 2004 - Present - Chairman of the Board T. Krung Thai Industry Pcl. <i>(Listed Company)</i> 2013 - Present - President The Lions Foundation in Thailand	- Manufacturer and Distributor of Furniture - Distributor and Service Provider of IT Products - Manufacturer and supplier of molds for plastic parts.

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.	Assoc. Prof. Dr. Montri Socratyanurak - Chairman of Audit Committee - Director (Old Name-Surname) - None – Directorship Appointment Date 25 September 2012	59	- <u>Doctor's Degree</u> PhD. (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) - Chairman of Audit Committee / Chairman of the Board TV Thunder Co., Ltd. (Non-Listed Company) - Director Learn Tech Co., Ltd. (Non-Listed Company) - Chairman of the Board SPC Precious Metal Co., Ltd. (Non-Listed Company)	- Manufacturer and Distributor of Furniture - Manufacturer and Distributor of Faucet - Service Business as Intermediary in Asset Auction Management - Producer of Telephone Program - Provider of Integrated Instruction Media Development and Training Service (e-Learning Total Solution) - Integrated Distributor of Precious Metal

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.	Assoc. Prof. Dr. Montri Socratyanurak - Chairman of Audit Committee - Director (Old Name-Surname) - None – Directorship Appointment Date 25 September 2012 (Continued)					Present 2015 - Present 2013 - Present 2015 - Present 1996 – Present	- Chairman of Audit Committee Mega Chem (Thailand) Co., Ltd. (Non-Listed Company) - Audit Committee / Independent Director Baan Souy Group (Suratthaini) (Non-Listed Company) - Director Council of Payab University - Associate Dean for Planning and Development Graduate School of Public Administration, National Institute of Development Administration (NIDA) - Investigation Subcommittee of Thai Trade Competition Commission Department of Internal Trade, Ministry of Commerce	Chemical Products Real Estate

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
3.	Assoc.Prof. Songkhlod Jarusombuti - Director - Audit Committee (Old Name-Surname) - None – Directorship Appointment Date 25 September 2012	53	- <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. - 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

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	49	- <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	14.5387% 14.5390% (including spouse and immature children) No change in shareholding proportion when compared between the years	1999 – Present 2015 – Present	- Vice Chairman of the Board / Executive Director East Coast Furnitech Pcl. - Director ECF Holdings Company Limited SAFE Energy Group (Narathivas 1) Co.,Ltd. SAFE Energy Group (Yala 1) Co.,Ltd. SAFE Energy Group (Pattani) Co.,Ltd. SAFE Energy Group (Songkla) Co.,Ltd.	- Manufacturer and Distributor of Furniture Holding Company Biomass Power Plant
5.	Mr. Wanlop Suksawad - Director - Chief Executive Officer (Old Name-Surname) - None – Directorship Appointment Date 12 March 2013	75	- <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	14.5462% 17.0893% (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

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.	Miss Tippawan Suksawad - Director - Executive Director - Deputy Managing Director (Old Name-Surname) - None – Directorship Appointment Date 8 April 2014	43	- <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	14.5387% 14.5390% (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
8.	Mrs. Waraporn Suksawad - Director (Old Name-Surname) Miss Buklung Sae Low Directorship Appointment Date 12 March 2013	74	- <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	2.5430% 17.0893% (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
9.	Mrs. Suphak Suksawad - Assistant Managing Director (Branch Part) (Old Name-Surname) Miss Nittaya Toepongarnan	44	- <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 -	44	- <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	40	- <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 -	47	- 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	46	- <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.



