

# ECF

ANNUAL REPORT  
รายงานประจำปี  
2015

# Can★Do

## Products from Japan



# ECF

## Contents

Vision and Mission	1
Financial Highlights	2
Message from the Chairman	4
Message from the Chairman of the Executive Directors	5
Message from the Managing Director	6
Board of Directors and Audit Committee	7
Board of Executive Directors and Management Team	9
Company General Information	11
Policy and Overview of Business	14
Type of Business	18
Products Characteristics	30
Revenue Structure	47
Policy and Objective of Business	49
Export Overview and Furniture Industry	50
Risk Factors	53
Shareholders	57
Dividend Payment Policy	59
Management Structure	60
Corporate Governance	79
Corporate Social Responsibility	91
Internal Control and Risk Management	109
Connected Transaction	110
Audit Committee Report 2015	116
Statement of Responsibilities of the Board of Directors on	118
Financial Statements	
Financial Highlights	119
Management Discussion and Analysis (MD&A)	126
Financial Statements and Notes to Financial Statements	143
<u>Enclosure</u> : Details of Director, Executive and Company Secretary	

### “VISION”

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

### “MISSION”

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

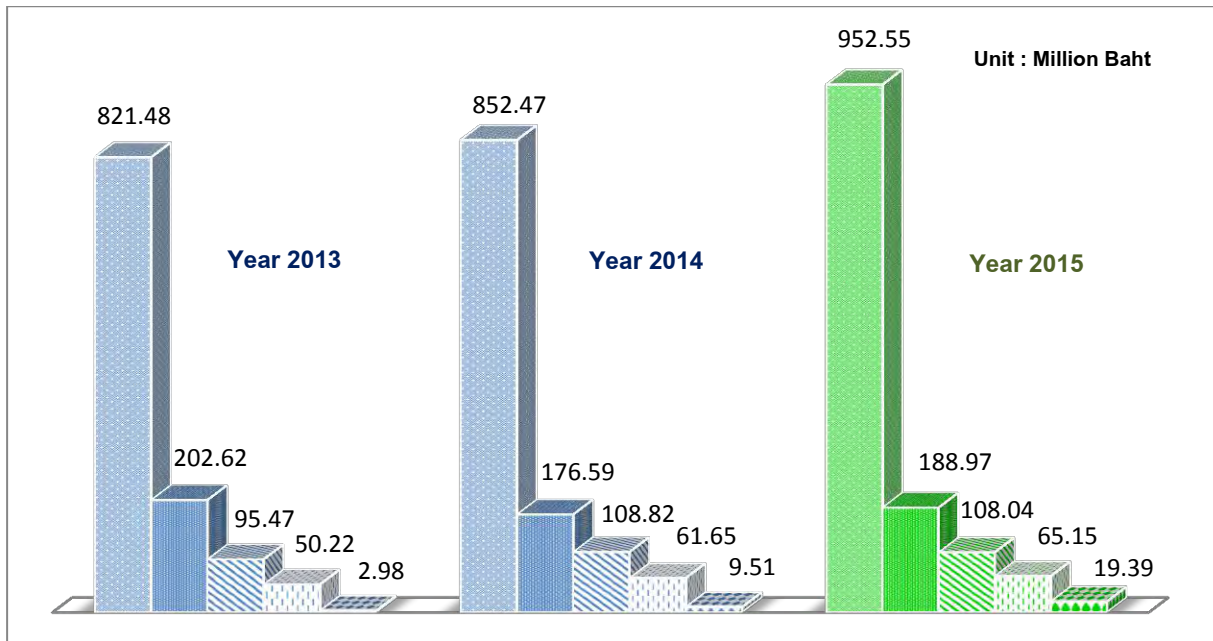


### Financial Highlight

Unit : Million Baht

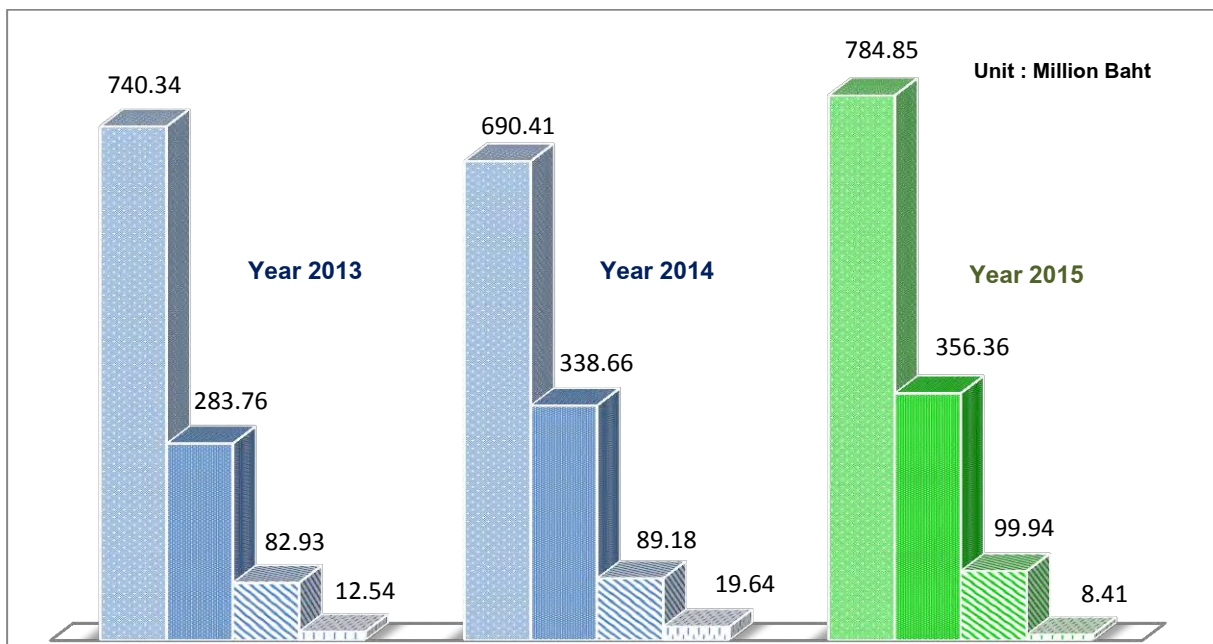
Subject	Year 2015	Year 2014	Year 2013
<b>Statements of Financial Position</b>			
Total Assets	1,506.20	1,238.67	1,091.92
Total Liabilities	1,052.54	839.55	747.03
Shareholder's Equity	453.66	399.12	344.89
Paid-up Capital	137.55	130.00	130.00
<b>Profit and Loss Statements</b>			
Revenues from Sales-Net	1,334.10	1,209.05	1,172.76
Total Revenue	1,358.30	1,227.97	1,175.15
Cost of Goods Sold	981.74	887.25	905.92
Total Expenses	292.40	257.86	229.01
Corporate Tax	13.99	12.97	5.20
Net Profit	74.83	69.88	40.79
<b>Financial Ratios</b>			
Return on Asset (%)	5.45	6.00	3.93
Return on Equity (%)	17.55	18.78	14.99
Gross Profit Margin (%)	26.41	26.62	22.75
Net Profit Margin (%)	5.51	5.66	3.47
Debt to Equity Ratio (times)	2.32	2.10	2.17
Book Value per share	0.144	0.134	0.082

## Revenue categorized by Products and Distribution Channels



- Particle Board Furniture
- Rubber Wood Furniture
- Furniture sold by Showroom & Dealer
- Foil Paper
- Sawn Rubber Wood

- Made to order
- Company's Brand
- Showroom
- Dealer



**Message from Chairman**

**Dear Shareholders**

**East Coast Furnitech Public Company Limited**

2015 was the year where every business sector is affected by the global economic slowdown in many countries such as United States of America, China, etc. The global economic recovery is not yet stable. As a result, the overall export of Thailand still remains unchanged. In this issue, more than 60% of ECF business is related to furniture products exportation. Over the last year, the Board of Directors has paid attention to the operation result of each quarter to ensure the profitability and sustainable growth. Overall, the company shows a satisfactory result with sales volume of 1,334.10 million baht or 10.34 % increase comparing to the performance of last year, and total earning of 1,358.30 million baht or 10.61% growth comparing to last year, and the net profit of 74.83 million baht or 7.09% growth. It makes ECF to be 1 of 8 company listed in Market for Alternative Investment (mai) having profit in 3 years consecutively; currently 122 companies are listed as of 31<sup>st</sup> December 2015. The important factor of our growth is that the company has the policy to expand customer base, manage costs within the agreed plan efficiently for maximum return. Additionally, in the last year, the company focused on implementing a plan for more strict internal control pursuant to good governance principles and operated the business while prioritizing a maximum return for all shareholders and stakeholders.



I would like to thank our Management and employees for your cooperation and dedication to work leading to a continuous growth of the company, and also thank our shareholders, customers, business partner and all authorities that have always supported the company. I would like to take this occasion to wish all of you a happiness, prosperity and wealth.

**On behalf of the Board of Directors**

**East Coast Furnitech Public Company Limited**

A handwritten signature in blue ink, which appears to read "No. Terdsad Marom". The signature is fluid and cursive.

(General Terdsad Marom)

Chairman

**Message from Chairman of Executive Committee****Dear Shareholders**

The year 2015 is the year of important growth as we commenced new businesses other than furniture manufacture and distribution business. However, the main business is still a manufacturing of furniture in which we are experienced over 10 years. This year shows an important progress; the subsidiary of ECF Holdings Co., Ltd. (ECFH) from which we bought 51% of shares on 31<sup>st</sup> December 2015. In the beginning of 2016, we increased the investment to be 75%. The fact that I use the term “important progress” because ECFH, of which we are a major shareholder, begin operating alternative energy business in 2015 which is solar power plant in Himeji, Japan. We have generated electricity for commercial purpose since December 2015. Besides, we begin a “Can Do” retail store that we bought franchise from Japan. It is a store offering various 100-yen products, changed to 60 baht in Thailand. On 31<sup>st</sup> December 2015, we have established 3 branches and still plan to expand the business as expected in 2016 and years to come. The expansion in alternative energy and retail store is one of important strategies that enhance the business growth and stability.

I, as one of executive, and the Management team will use our knowledge, ability and experience in business operation to create and develop the business for a stable growth and profitability for the shareholders in the future.

**Thank You**

A handwritten signature in blue ink, which appears to read 'Wanlop Suksawad'. The signature is written in a cursive style and is positioned above a horizontal line.

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



**Message from Managing Director**

**Dear All Shareholders  
East Coast Furnitech Public Company Limited**

Since the beginning of 2015, the increase of international and domestic economic figures has not shown an obvious sign of recovery. It gave ECF a sign to well observe for a proper marketing and internal administration plans.

In this challenging year, the Management and all employees, in the 1<sup>st</sup> quarter, strived to expand customer base by setting a marketing team to meet customers abroad, finding more opportunity to present new products. This strategy has been continuously implemented until the 4<sup>th</sup> quarter. The annual performance in terms of exportation and sales volume still shows growth rate comparing to last year. It is the year that the management and all employees showed their dedication, cooperation and team working that lead to success and increase of sale volume. We still aim at maintaining growth rate in the operation of the years to come.

Also in 2015, I am proud to inform all of you of the commencement of alternative energy and retail solar energy generating businesses. The first project is implemented in Himeji Prefecture, japan. The power generation for commercial purpose shows a smooth operation. Concerning retail business, we are planning to open more branches of “Can Do” as expected. The new business of alternative energy and retail store is the opportunity to acquire stability, development and diversity of ECF business. This will help enhance profitability and strength of the business.

As a Managing Director, I promise to create a good return for shareholders and develop company to have sustainable growth, satisfy our customers and transform company to be the learning organization to raise its competitiveness amongst global economic challenges.

**Mr.Arak Suksawad**



**Managing Director**



### Board of Directors and Audit Committee



**2. Mr.Chalee Suksawad**

Vice President

**1. General Terdsak Marom**

Chairman of the Company

Audit Committee

Independen Director

**4. Mr.Wanlop Suksawad**

Director

Chairman of the Executive Directors

**3. Asso.Prof.Dr.Montri Socatayanurak**

Chairman of the Audit Committee

Independent Director

**Board of Directors and Audit Committee**



**6. Mr. Arak Suksawad**

Director  
Managing Director

**5. Asso. Prof. Songklod Jarusombat**

Audit Committee  
Independent 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

**Miss Tippawan Suksawad**

Executive Director

**Mr.Arak Suksawad**

Executive Director

### Management Team



**Mr. Arak Suksawad**  
Managing Director



**Miss Tippawan Suksawad**  
Deputy Managing Director

**Mrs. Supak Suksawad**  
Assistant Managing Director  
(Branch office)



**Mr. Sittichoke Chinnurat**  
Assistant Managing Director (Head office)



*From left to right*

1. Mr. Attaphol Thanapol
2. Ms. Pachanan Singphu
3. Mr. Racha Pojariya

Factory Director of 1<sup>st</sup> Branch  
Accounting and Financial Director  
Factory Director of Head Office

### Company General Information

Head Office



1<sup>st</sup> Branch



2<sup>nd</sup> 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	:	<a href="http://www.ecf-furniture.com">www.ecf-furniture.com</a> , <a href="http://www.elegathai.com">www.elegathai.com</a>
Paid-up Capital	:	137,547,650 Baht (One Hundred and Thirty Seven Million and Five Hundred Forty Seven Thousand and Six Hundred and Fifty Baht) 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 will be the part of 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  
Location : Kritthitham 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](mailto:ir@eastcoast.co.th)

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



## Policy and Overview of Business

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

Currently the company still maintains the growth rate of furniture product, particularly particle boards and rubber wood. With the 10.34% growth, although overall situation shows a declining sign comparing to the year 2014, or -8.15% growths.

The increase of sales volume was from the continuing purchase orders from the foreign customers who trust in our company, especially in Japan which the company has built good relationship for over 10 years. In 2015, although in the 1st and 2nd quarters, the company faced the problem with declining exportation figures, but in 3rd and 4th quarters the purchase orders from such customer increased so much that it compensated the declining figures of the first half of the year. Overall performance shows 10.34% growth. It means that the company was successful in the year 2015 in terms of sales volume and positive trends in recent years. Furthermore, the company was supported by domestic factors which are demand of consumers in the country. The growth rates of domestic and foreign sales were 6.23% and 16.87% respectively.

In the year 2015, the company exports our products to over 10 countries, for example, Japan, Bahrain, United States of America, Taiwan, India, Peru including members of AEC such as Malaysia, the Philippines, Indonesia, Singapore. When analyzing the sales of each country, we found that in some countries there was a gradually positive sales trend. However, we have to follow up the exportation to new countries and analyze the sales to see whether the company will be able to have more business opportunity in such countries. This includes the countries where the sales of this year declined due to global economic problems. However, the company succeeded in maintaining sales growth in foreign countries.

Regarding domestic customers in the year 2015, the company provides an additional distribution channel under the brand named “FINNA HOUSE”. We, as a franchisee signing a contract for the use of copyrighted cartoon characters of Disney, have used such characters to promote the sales furniture products. In the end of February 2015, the company launched the first lot of products and distributes them in modern trade stores, starting from Tesco Lotus. After that, the demands significantly increased, the company expands

the product distribution channel to modern trade market, and then created the brand “FINNA HOUSE” which was used only for the company products with Disney characters in retail stores. As of 31st December 2015, the company opened FINNA HOUSE showrooms at Homepro (Kingkaew branch) and Index Living Mall (Ratchapruk) to access the targeted customer group composed of children, teenagers, working age customers. This strategy enhanced sales volume significantly.

Besides, the company also considering distribution channel of furniture products to customers in modern trade stores. The products were sold under the company name. In 2015, the company succeeded in sales growth continuously as well as the sales in foreign market. The product distribution in modern trade stores composed of product brands such as House brand sold in Tesco, LEAF sold in Homepro, Fur Direct sold in BigC, A7 sold in Megahome and HASTA sold in Taiwatsadu. In 2015 the company was able to broaden customer base in Du Home retail store under the brand named Winner. The overall growth rate of modern trade stores is 5.23%.

The sales through product showroom under the brand named ELEGA still shows a continuous increase of domestic sales by 12.07%. As the sales through wholesale agents or dealers under the brand named COSTA in 2015, the growth rate declined, the company will adjust marketing strategies and plan marketing personnel needed to promote the sales of COSTA in the years to come.

In addition to the business overview of ECF Holdings Company Limited (“ECFH” or “subsidiary company”) with equity as of 31st December 2015 of 51% percent and subsequently in January 2016 the company expanded the capital share from 51% to 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 31<sup>st</sup> December 2015, 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.)

## 2. Alternative energy business

### ➤ Solar Power Plant

On 27<sup>th</sup> 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. Currently the product commences the electricity production for commercial purpose from 21<sup>st</sup> December 2015 onwards.

### ➤ Biomass Power Plant

On 20<sup>th</sup> 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.

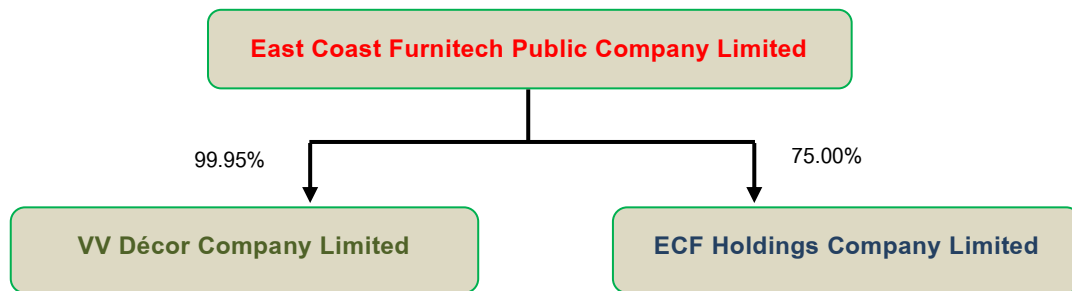
Name list of 5 shareholding companies is as follows;

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 27<sup>th</sup> 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)

Diagram about Group of Companies  
East Coast Furnitech Public Company Limited



**\*Remark :** As of December, 31 2015 the Company held 51% of Total shares of ECF Holdings Company Limited ("ECFH"). Later on January 2016 the Company has already paid up the capital in ECFH to 75%.



## 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](http://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 the Year 2015 the Company has created one more house brand under the name “**Finna House**” in order to distribute furniture products produced under license of Disney according the Company has entered into the Franchisee Agreement and now the Company is only one company in Thailand getting this right. At the present Finna House has showrooms located on 3 rental areas comprising of Home Pro Market Village Suvarnphumi, The Walk Ratchpruek and corner at showroom ELEGA Bangna, total 3 branches.

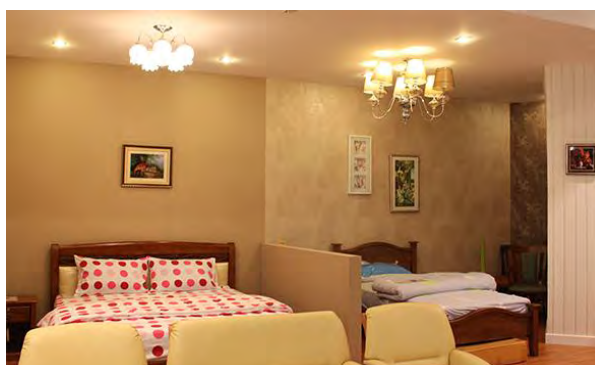
## Company's Brands

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 <a href="http://www.elegathai.com">www.elegathai.com</a> .

### Showroom "ELEGA"

The Company's showrooms located in Index Living Mall and Home Pro are total of 14 branches and 2 branches respectively

- As of December 31, 2015 rental areas of ELEGA in Index Living Mall comprise of Bang Na, Ratanathibeth, Rangsit, Pattaya, Petchkasem, Bang Yai, Chonburi, Chieng Mai, Ratchapreuk, Kaset-Navamin, Nakorn Ratchasima, Hat Yai, Suratthani and Rayong, total 14 branches, increases from as of December 31, 2014 2 branches.
- As of December 31, 2015 rental areas of ELEGA in Home Pro comprise of Chacheangsao and Suphanburi, total 2 branches.





## Showroom "Finna House"

- As of December 31, 2015 rental areas of Finna House comprise of Home Pro Market Village Suvambhumi, The Walk Ratchpruek and the corner at ELEGA Bang Na total 3 branches.



Online Distribution Channel via [www.elegathai.com](http://www.elegathai.com)

เข้าสู่ระบบ ลงทะเบียน

ตะกร้าสินค้า (0) ไทย

**ELEGATHAI**  
FURNITURE

สั่งซื้อเฟอร์นิเจอร์ออนไลน์  
ได้แล้ววันนี้

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

**What 's new 'n ELEGATHAI**

ลูกค้าทั่วไปรับส่วนลด **10%**  
ลูกค้าที่เกิดวันที่ 14 กุมภาพันธ์  
รับส่วนลด **15%\***  
สุดพิเศษซื้อครบ 10,000.-\*  
รับช้อนเนกประสงค์ฟรี มูลค่า 580.-\*ฟรี

รักจริง ให้มากกว่า

วันนี้ถึง 29 กุมภาพันธ์ 2559

02-2559

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 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.)

We expected to open more branches to operate at least 13 branches in 2016.

### Can Do – 100 Yen shop style



➤ Alternative Energy Business

■ Solar Farm Project

The meeting of the Board of Directors of the Company No. 2/2015 held on February 27, 2015 has resolved importantly to approve the establishment of new indirect subsidiary of the company in Japan to support the expansion of business for solar farm project with installation capacity 1.5 MW as follows;

ECF Tornado Energy Godo Kaisha		
Objective	:	To invest in 1.5 MW solar farm project in Japan.
Project Location	:	1737 Kaminoyama, Kamiya, Tokotomi-Cho, Himeiji City, Hyogo, Japan
Registered Capital	:	JPY 100,000 or approximately Baht 27,690 (With the reference of the exchange rate of Baht 27.69 per JPY 100 from Bank of Thailand as of February 25, 2015)
Shareholding Structure	:	ECF Holdings Company Limited (as the subsidiary held by the Company 51% of registered capital) will hold shares in ECF Tornado Energy Godo Kaisha 51% of registered capital.
Total investment value	:	JPY 106,6017,000 or approximately Baht 29.52 million (With the reference of the exchange rate of Baht 27.69 per JPY 100 from Bank of Thailand as of February 25, 2015)
Source of Fund	:	Working capital and loan from financial institution
Benefits	:	To help support the growth and diversify risk of the Company

At present the solar farm project has already commenced the commercial operation date (COD) since December 21, 2015.

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



■ Biomass Power Plant

The meeting of the Board of Directors of East Coast Furnitech Public Company Limited (“The Company”) No. 7/2015 held on November 20, 2015 has resolved importantly to assign ECF Holdings Company Limited (“ECFH”) as the subsidiary invested by the Company at 51% and having plan to increase the proportion to be 75% to be the investor in biomass power plant by establishing 5 new joint venture companies. These joint venture companies are going to participate in the auction to acquire power purchase agreements (PPA) from either the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA). (Depends on each case). Later on December 16, 2015, the meeting of the Board of Directors of the Company No. 8/2015 has resolved importantly to amend the registered capital calculated based on shareholding ratio on 5 joint venture companies held by ECFH from Baht 2.00 million/company to Baht 20.00 million/company, the totaling investment value is Baht 25.60 million by working capital of the Company.

Now the progress of the project is to 4 new joint venture companies have established completely since January 27, 2016. The details as follows;

1. Safe Energy Group (Narathivas 1) Company Limited, held by ECFH 25% of Registered Capital.
2. Safe Energy Group (Yala 1) Company Limited, held by ECFH 20% of Registered Capital.
3. Safe Energy Group (Pattani) Company Limited, held by ECFH 25% of Registered Capital.
4. Safe Energy Group (Songkhla) Company Limited, held by ECFH 25% of Registered Capital.

Therefore, Now the projects are waiting for the conclusion from the government to release rules and regulations for selection and offering the power purchase agreement, including the detail of competitive bidding formally.

■ PV Solar Rooftop Power Plant

On September 18, 2014 the Company has entered into a Memorandum of Understanding (“MOU”) with Gunkul Engineering Public Company Limited (“GUNKUL”) for cooperation on PV solar rooftop power plant projects. For the details of scope of Cooperation between the Company and GUNKUL is as follows;

The Company and GUNKUL has agreed to establish a joint venture company to carry out PV solar rooftop power plant projects in the shareholding portion of 74.99% : 25.01% respectively.

The Company shall be responsible for providing leasehold right / the right to use the area spaces or locations to install PV solar panels as specification in the application for the power purchase agreements (PPAs), day-to-day operation and seeking source of funds. GUNKUL shall be responsible for equipment, procurement and construction the projects so as to achieve the commercial operation date as scheduled under the PPAs, including the service under an operation and maintenance agreement of the projects. The two parties have to cooperate for acquirement a power purchase agreement from either the Provincial

Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA) as well as jointly proceed the projects to be successful.

At the early stage, the Company has already provided roof area for the installation at the capacity of 10 MW, for the next step the Company and Gunkul have to submit for the permission to be the electricity seller to from either the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA).



## 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 2015). 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:

<b>Category</b>	<b>Product</b>
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:

<b>Type</b>	<b>Product</b>
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 2015, 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, 2015 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	Old		Change to	
		% of shareholding	No. of shares	% of shareholding	No. of shares
1	East Coast Furnitech PLC.	51%	5,100	75%	75,000
2	Mrs.Siriluck Nukcharoen	21%	2,100	10%	10,000
3	Miss Napaporn Sooppawong	21%	2,100	10%	10,000
4	Miss Ornphimol Piewluengsawad	7%	700	5%	5,000
	<b>Total</b>	<b>100%</b>	<b>10,000</b>	<b>100%</b>	<b>100,000</b>

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.)

## 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 Japan 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	-
<b>Total</b>	<b>100.00</b>	

**Remark:** the shareholders in 5, 6 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 21<sup>st</sup> 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.





b. Other projects expected to be completed in future

i. Biomass Power Plant

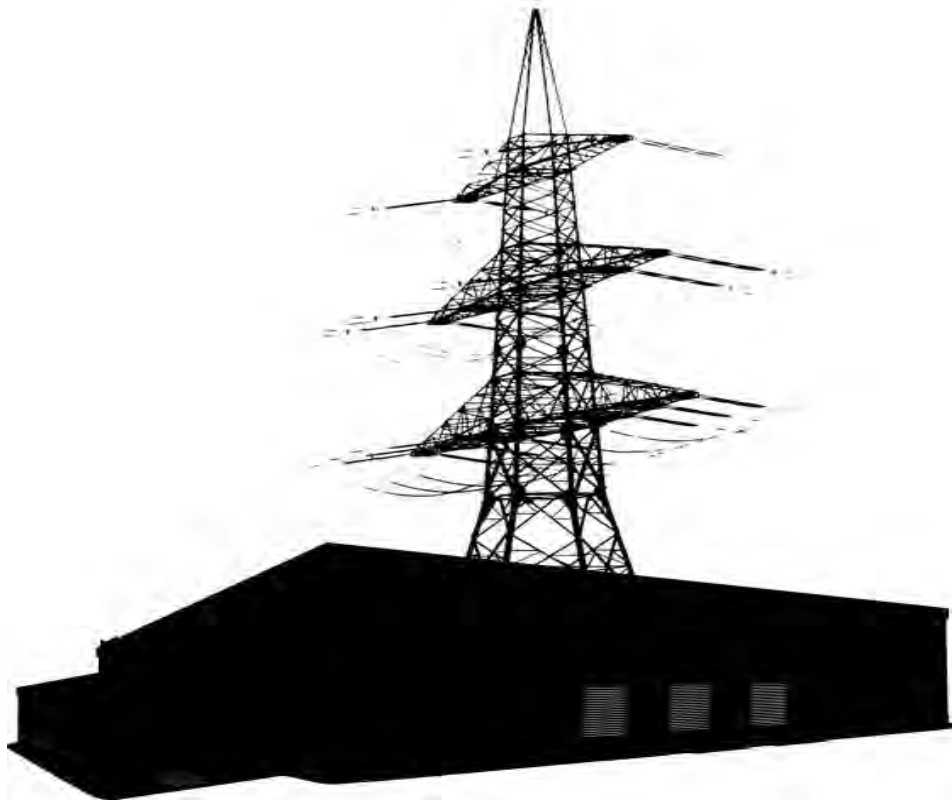
Currently the progress of this project is that the company has made the joint venture registration with 4 following companies on 27<sup>th</sup> January 2016.

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

Therefore, in the project of Biomass power plant is awaiting exact criteria of government on the subject of the sales of electricity and official competitive bidding procedures.

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 2013		Year 2014		Year 2015	
	MB	%	MB	%	MB	%
1. Particle board furniture	821.48	68.84	852.47	69.01	952.55	70.13
2. Rubber wood furniture	202.62	16.98	176.59	14.30	188.97	13.91
3. Furniture sold via showrooms and dealers	95.47	8.00	108.82	8.81	108.04	7.95
4. Foil Paper	50.22	4.21	61.65	4.99	65.15	4.80
5. Dried rubber wood	2.98	0.25	9.51	0.77	19.39	1.43
Net sales revenue	<b>1,172.76</b>	<b>98.28</b>	<b>1,209.05</b>	<b>97.88</b>	<b>1,334.10</b>	<b>98.22</b>
Other revenue <sup>1/</sup>	20.55	1.72	26.16	2.12	24.20	1.78
<b>Total revenue</b>	<b>1,193.31</b>	<b>100.00</b>	<b>1,235.21</b>	<b>100.00</b>	<b>1,358.30</b>	<b>100.00</b>

**Note :** <sup>1/</sup> 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 2013		Year 2014		Year 2015	
	MB	%	MB	%	MB	%
1. Made to order	740.34	66.13	690.41	60.67	784.85	62.81
2. ECF brands	283.76	25.35	338.66	29.76	356.36	28.52
3. Showroom	82.93	7.41	89.18	7.84	99.94	8.00
4. Warehouse and dealer	12.54	1.12	19.64	1.73	8.41	0.67
<b>Total revenue from furniture<sup>1/</sup></b>	<b>1,119.56</b>	<b>100.00</b>	<b>1,137.89</b>	<b>100.00</b>	<b>1,249.56</b>	<b>100.00</b>

**Note :** <sup>1/</sup> 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 2013		Year 2014		Year 2015	
	MB	%	MB	%	MB	%
1. Domestic Sale	432.53	36.88	467.52	38.67	546.40	40.96
2. Overseas Sale	740.23	63.12	741.53	61.33	787.70	59.04
<b>Net Sales</b>	<b>1,172.76</b>	<b>100.00</b>	<b>1,209.05</b>	<b>100.00</b>	<b>1,334.10</b>	<b>100.00</b>

#### 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 subsidiary ECF Holdings Co., Ltd. can be divided into following activities.

- **Can Do Retail Store** : 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.
- **Alternative Energy Business** :
  - Biomass Power Plant : if the policy of public sectors is not changed, we expect to submit a bid for being a producer and vendor of electricity within June 2016. The result of bidding will be announced in August 2016. The company has prepared a juristic person to submit a bid for 4 projects (Maximum production capacity of 10 mw per project). At that time, we will determine strategy after knowing the bidding results; it depends on how many project we will win the bid. The construction of power plant will begin in December 2016. The construction will take no longer than 18 months to generate electricity for commercial purpose.
  - PV Solar Rooftop Power plant: is awaiting officially exact criteria of government on the subject of the sales of electricity.

### Export Overview and Furniture Industry

#### Export Overview for the Year 2015

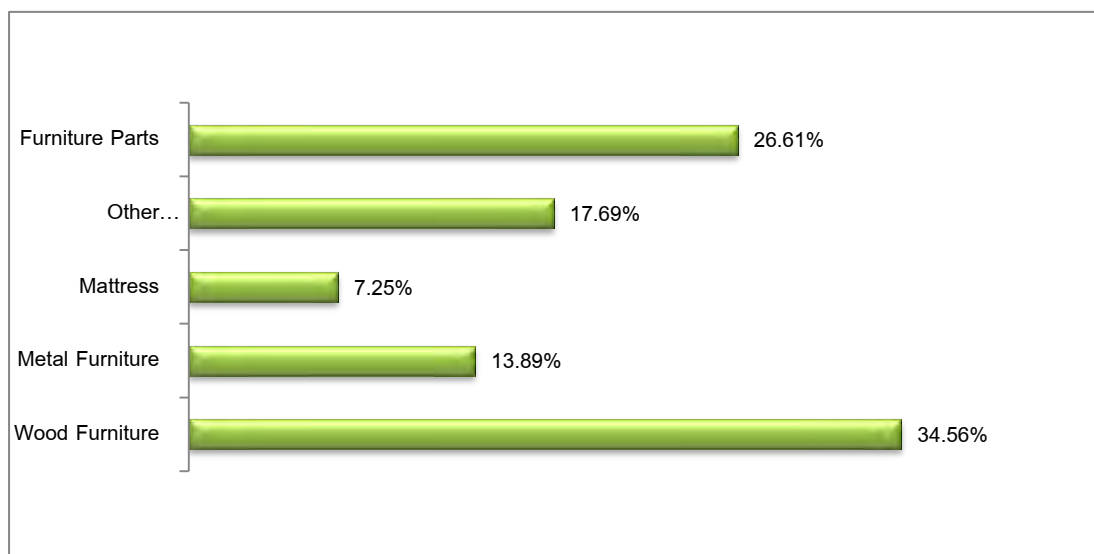
According to the information of international trade promotion department, Ministry of Commerce, In the year 2015, the overall figure of exportation of wood and metal furniture and bedding products, including other furniture is 35,407.60 million baht. It shows a declining trend comparing to the figure in 2014 or -8.15%. The details are as follows.

Unit: Million Baht

Exportation figures	2013	2014	Growth rate	2015	Growth rate
Furniture and furniture part	37,478.31	38,549.14	2.86%	35,407.60	-8.15%
Divided into following sub-group					
Wood furniture	13,781.06	13,928.22	1.07%	12,237.11	-12.14%
Metal furniture	3,685.33	4,613.01	25.17%	4,917.57	6.60%
Bedding product	1,845.48	1,997.04	8.21%	2,566.63	28.52%
Other furniture	6,674.32	6,934.33	3.90%	6,264.52	-9.66%
Furniture parts	11,492.12	11,076.54	-3.62%	9,421.76	-14.94%

#### The ratio of sales of each sub-group to overall exportation figure

The wood furniture is in the first rank amongst other sub-groups. In the company, wood furniture is based on a made-to-order production entirely ordered by foreign customers.



According to value of furniture exportation, USA holds the first rank; in the year 2015 the growth rate is 5.01, Japan is the second; the growth rate declines to 16.92% due to the fact that the customers prefer ordering made-to-order rubber wood furniture from other countries, including the change of buying process which eliminates the middlemen or trading agents. This former way of buying was significantly reduced and the direct buying is increasing. The orders made by the customers mostly were bulk order. As they ordered products according to market demands and also arrange the distribution schedule, the expected sales volume was accurate. Plus, they had negotiation power for they have bulk orders. From this phenomenon the large-scale operators gained advantage as they could handle the bulk order better than operators having smaller plants. Plus, the customers may consider that negotiating with operators having large manufacturing plants will reduce the risk of delivery delay and production capacity. Plus, there are not many large manufacturers in Thailand comparing to smaller ones. This factor made sales figures of exportation to Japan reduces significantly.

However, the growth rate of product exportation to Japan of our company increases by 6.62%.

Besides, the exportation figures from international trade promotion department, Ministry of Commerce shows that the exportation figures of AEC members is 6,180.14 in total; it declines by 16.88% comparing to figure in 2014, and the ratio of furniture and its part to overall exportation declines to 14.51% comparing the figures in 2014 which is 16.03%.

From above results, the company determined new strategy to build confidence to our customers in Japan that we have built a good relationship for years. We will strive to develop product pattern, quality, and delivery service as they are key factors of partnership success. The major group of Japanese customers is modern trade furniture and house decorative item store and wholesale agents. They are, amongst other traders of other categories, ones of biggest agents in Japan.

In addition, the company aims to expand distribution channel to the customers in AEC member country. In 2015, the company succeeded in increase the sales in the Philippines, Indonesia and Malaysia.

### **Competition Status in Furniture Industry**

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

**Furniture Industry Status**

At present, furniture industry has developed with vast growth rate so in order to cope with the change, ECF has to study, develop and adjust to the trend. These factors directly impact to research, development and marketing of products. ECF forecasts that the trend of furniture will fall into these 4 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. The risk of competition of new manufacturers and the commencement of AEC community

The company sells furniture products to domestic and foreign customers. The ratio of sales volume between domestic and foreign sales in fiscal year 2014 is 38.67% and 61.33%. In the fiscal year 2015 is 40.96% and 59.04% from domestic and foreign sales respectively.

The above figures show that the company gains more market share in domestic sales as the growth rate of domestic sales of 16.87%. Considering the distribution channels, such growth comes from the use of our brand (5.23% growth) which takes the first rank, the second one is the sales of products in ELEGA showroom (12.075% growth), whilst the distribution through wholesaler and dealers declines by 57.19% which



can be predicted because the change of customer behavior. Most of customers tend to buy the condominium to reduce the travelling time and expense and select the furniture item according to design. It gradually rise the demand of customers. We may see more branches of furniture manufacturers and distributors in the country in 2014. New open branches are found continuously in 2015. It may attract the new operators who having sufficient capital to invest in the furniture business. Plus, the participation in AEC which commenced in the beginning of 2016. Even Malaysian and Vietnamese competitors are the most competitive ones of Thai manufacturers, the competition in AEC region is not very high. This is because manufactures in each member country focuses on enhancing their strengths. For example, Indonesian manufacturers tend to produce outdoor furniture, Malaysian manufacturers specializes in bulk order with low cost, Filipinos are good at design but cannot handle bulk orders, Vietnamese competitors are most likely to be our competitor as they have almost equal production capacity but they need to have raw materials from other countries. Therefore, the company has prepared to face the challenges in the future such as price competition. We have adjusted our policy to enhance the efficiency of our production process, cost management to ensure the efficient of overall production process. Also our policy aims at broadening customer base in both domestic and international markets. We plan to develop our production capacity to serve the future demands by providing good quality product with affordable price. Besides, as we efficiently manage the cost, we are able to gain advantage in price competition. As our product has been accepted by domestic and foreign over years, we are confident that the impact of such risks is low. Regarding costs in 2014 and 2015, it shows 73.88% and 73.59% respectively which means that the company is still able to efficiently manage the cost. We are still striving on reducing the production cost in the years to come.

### 3. Risk of currency exchange fluctuations

Our sales to foreign customers are based on USD currency. In the 2014 and 2015 fiscal years, the ratio of our sales in 2 fiscal years to the overall sales is 61.33% and 59.04% 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 2014 and 2015 fiscal years, the ratio of imported materials to all materials is 3.97% and 3.38% 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 2015, the company has made Forward Contract to ensure stable currency rate with a financial institute in Thailand about 0.029 million US dollars or 1.05 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 2014 and 2015, the value of the Company's made-to-order goods was equal to

690.41 and 784.85 million baht, which represented 60.67 percent and 62.81 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 2014 and 2015, the sales value of the Company’s house-brand products was equal to 338.66 million baht and 356.36 million baht, which represented 29.76 percent and 28.52 percent of the total furniture sale revenue, respectively. However the sales value of the Company when compared between the year 2014 and year 2015 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 2014 and 2015.

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 2014 and 2015, the particle board that the Company purchased represented 39.34 percent and 39.82 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 2015, the prices of these raw materials did not swing very much – their price changes did not impact its costs structure. It was a year when the prices of the raw materials were stable.

As for rubber trees, 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, 2015, the Company had a total of 1,061 employees, which consisted of 212 full-time employees and 849 daily-waged employees. Approximately 80.00 percent of daily-wage workers are in factories/production, which require a lot of labor. This affects the Company's production costs and competitiveness. In a typical year, there is always a turnover and expansion of the production process. This may decrease or increase the turnover rate so that the production capacity may be affected during some periods. Being aware of the risks, the Company formulated guidelines for preventing risks of labor shortages, and it has never confronted this problem. In addition, it has plans to improve its production lines by importing sophisticated machines to ensure a better automated system, which will help alleviate the potential impact of labor shortages, to some extent.



**Shareholders**

**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 137,547,650 Baht (One Hundred Thirty Seven Million and Five Hundred Forty Seven Thousand and Six Hundred Fifty Baht Only) which has been divided into 550,190,600 ordinary shares at a par value of 0.25 baht per share (Twenty Five Satang)

**2. Major Shareholders**

As of December 30, 2015. (Total Shareholder 2,287 people)

Data as of December 30, 2015			
Name	Number of shares (share)	Proportion (% of paid-up capital)	
<b>1. Suksawad Group</b>	<b>354,414,700</b>	<b>64.4167%</b>	
1.1 Mr. Wanlop Suksawad	80,032,000	14.5462%	
1.2 Mrs. Waraporn Suksawad	13,991,600	2.5430%	
1.3 Mr. Chalee Suksawad	79,990,800	14.5387%	
1.4 Mr. Arak Suksawad	79,990,800	14.5387%	
1.5 Miss Tippawan Suksawad	79,990,800	14.5387%	
1.6 Mr. Thamrong Suksawad	20,415,900	3.7107%	
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%	

Data as of December 30, 2015			
Name	Number of shares (share)	Proportion (% of paid-up capital)	
<b>2. Phatthamasatyasonthi Group</b>		<b>13,355,300</b>	<b>2.4274%</b>
2.1 Miss Pitchpim	Phatthamasatyasonthi	7,614,000	1.3839%
2.2 Mrs.Kunthong	Udommahunthisuk	2,700,000	0.4907%
2.3 Mr.Phisith	Phatthamasatyasonthi	1,500,000	0.2726%
2.4 Miss Kritchanok	Phatthamasatyasonthi	800,000	0.1454%
2.5 Mr.Akekarith	Phatthamasatyasonthi	741,300	0.1347%
<b>3. Wiriyatorphan Group</b>		<b>8,799,100</b>	<b>1.5993%</b>
3.1 Mrs. Wassana	Wiriyatorphan	7,295,900	1.3261%
3.2 Mr. Vitthaya	Wiriyatorphan	1,503,200	0.2732%
<b>4. Thai NVDR Co.,Ltd.</b>		<b>6,132,600</b>	<b>1.1146%</b>
<b>5. Miss Chintana</b>	<b>Sae-Harn</b>	<b>4,886,000</b>	<b>0.8881%</b>
<b>6. Solaris Trigger Fund 3 Plus 3 #2</b>		<b>4,520,200</b>	<b>0.8216%</b>
<b>7. Mr.Jirath</b>	<b>Rattanaphisankul</b>	<b>4,085,400</b>	<b>0.7425%</b>
<b>8. Chantarueangvanij Group</b>		<b>3,224,600</b>	<b>0.5861%</b>
8.1 Mrs.Maiyarut	Chantarueangvanij	2,451,498	0.4456%
8.2 Mr.Sathorn	Chantarueangvanij	665,937	0.1210%
8.3 Mr.Chayathorn	Chantarueangvanij	107,165	0.0195%
<b>9. Mr.Kanuengnij Jinda</b>		<b>3,006,100</b>	<b>0.5464%</b>
<b>10. Mr.Kijja</b>	<b>Horraksa</b>	<b>2,950,000</b>	<b>0.5362%</b>
<b>11. Other shareholders (2,258 people)</b>		<b>144,816,600</b>	<b>26.3212%</b>
<b>Total shares</b>		<b>550,190,600</b>	<b>100.0000%</b>

**Foreign shareholders:** December 30, 2015. There are 2 foreign shareholders with total shares of 671,000 shares or 0.122 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, 2015, 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, 2015, 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, 2015 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, 2015 the Company has three Risk Management Committee members consisting of:

- |  |           |
|--|-----------|
| 1. Associate Professor Dr. Montree Socratyanurak | Chairman  |
| 2. Mr. Chalee Suksawad                           | Committee |
| 3. 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. Determine risk management process, evaluate, control, monitor and develop the process to ensure maximum efficiency and suitable in managing all types of possible risks.
4. Regularly report to the committees of the Company upon management, operation and latest situation, changes including improvement areas and notify the Audit Committee for acknowledgement to review the adequacy and properness for the aforesaid improved process.
5. Manage and control overall risk management of the organization in accordance with good governance principles.
6. Provide risk management working team.
7. Perform duties based on assignment from the Company.

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

#### **The Nomination Committee**

As of 31<sup>st</sup> December 2015, 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 31<sup>st</sup> December 2015, the company appointed 3 compensation committee members as follows.

1. Assoc.Prof.Dr. Montree Socratyanurak 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, 2015, there are seven directors as the names were shown below:

1. Mr. Arak Sukasawad Managing Director, Sale and Marketing Director (Be in charge)
2. Ms. Tippawan Sukasawad Deputy Managing Director
3. Mrs. Supak Sukasawad Assistant Managing Director (Branch Office)

4. Mr. Sittichoke Chinnurat Assistant Managing Director (Head Office)
5. Mr. Phaitoon Ratchruethai Factory Director of Head Office
6. Mr. Aatthaphol Thanaphol Factory Director of 1st Branch
7. Ms. Pachanan Singphoo Accounting and Financial Director

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

#### **Scope of duty and responsibility of the Managing Director**

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

However, delegation of authority and responsibility of the president as above articles, the president must follow the regulations which approved by Board of Director's Committee. The delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to persons in circumstances that would lead to conflicts of interest with the Company and its subsidiaries (accordance with

the 'Notification of the Capital Market Supervisory Board). The above approval must propose to Board of Director's Committee in the shareholders' meeting according to the Company's regulations or related laws.

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

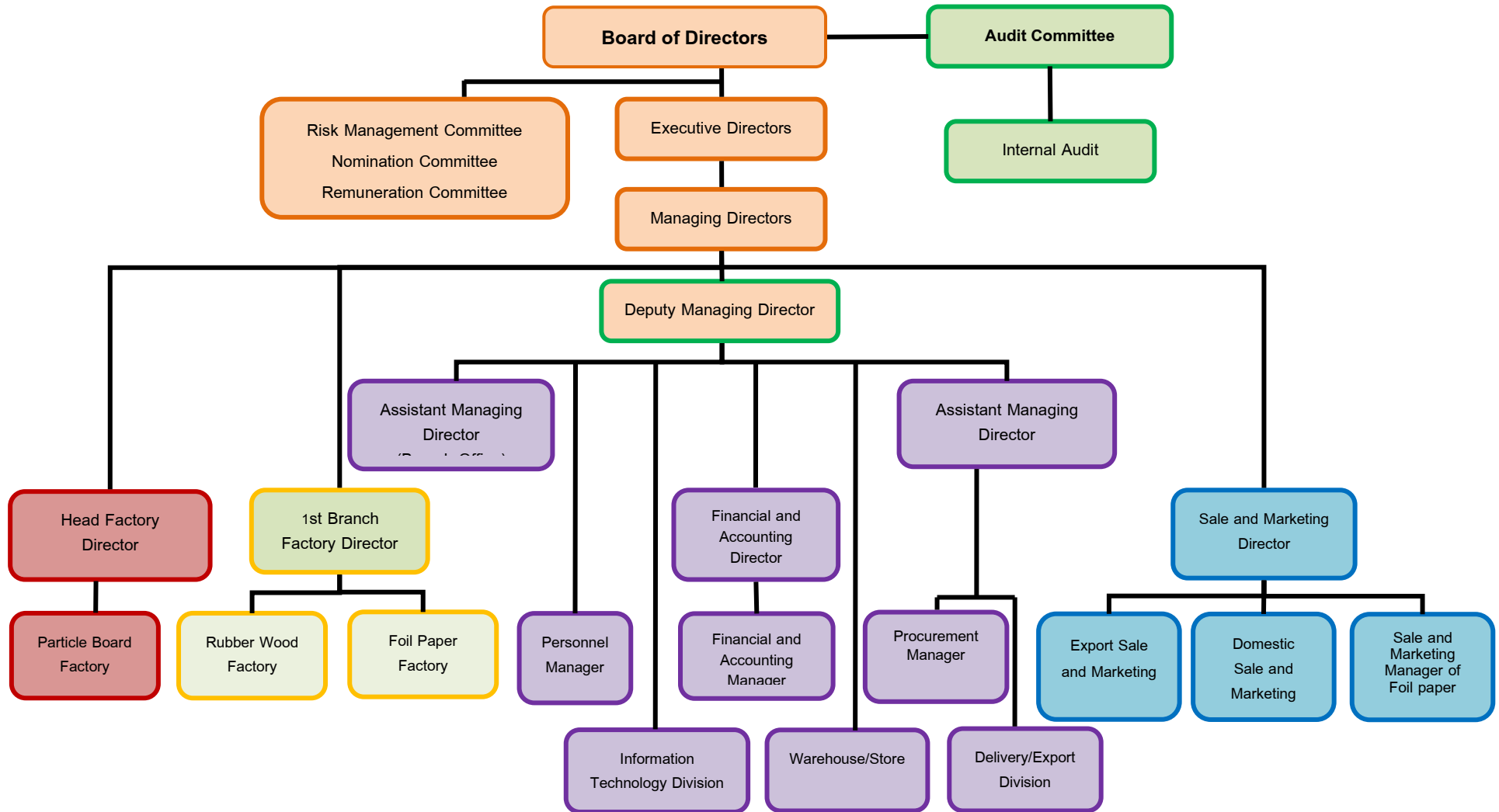
### Approval Limited

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

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



**Organization Chart as of December 31, 2015**



**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 2015 held on April 16, 2015, the company approved and determined the 2015 remuneration for the directors as follow:

- 1) Monthly Salary :
  - Chairman THB 25,000 / person / month
  - Director THB 15,000 / person / month
  - Chairman of Audit Committee THB 20,000 / person / month
  - Audit Committee THB 15,000 / person / month
- 2) Meeting Allowance for Board of Directors and all sub committees : THB 5,000 / 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 2015 remuneration for the directors amounted to less than THB 3,500,000.

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

The number of directors attending a meeting including with remuneration for the Company's directors in the past 2 years (during 2014 – 2015) as shown below.

#### Board of Directors

Name of Director	Yr 2014		Yr 2015	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	6	6	8	8
2. Asso.Prof.Dr. Montri Socratyanurak	6	6	8	8
3. Asso. Prof. Songklod	6	5	8	7

Name of Director	Yr 2014		Yr 2015	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
Jarusombat				
4. Mr. Chalee Suksawad	6	6	8	8
5. Mr. Wanlop Suksawad	6	6	8	8
6. Mrs. Waraporn Suksawad	6	6	8	8
7. Mr. Arak Suksawad	6	6	8	8
8. Ms. Tippawan Suksawad	6	6	8	8

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

**Audit Committee**

Name of Director	Yr 2014		Yr 2015	
	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	3

**Risk Management Committee**

Name of Director	Yr 2014		Yr 2015	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socratyanurak	2	2	2	2
2. Mr.Chalee Suksawad	2	2	2	2
3. Mr.Arak Suksawad	2	2	2	2

### Nomination Committee

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

### Remuneration Committee

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

Director's remuneration in the past 2 years (during 2014 – 2015) as shown below.

### All of Committees

Name	Yr 2014				Yr 2015			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Therdsak Marom	240,000	30,000	100,000	370,000	480,000	65,000	120,000	665,000
2. Asso. Prof. Dr. Montri Socratyanurak	120,000	30,000	50,000	200,000	420,000	80,000	120,000	620,000
3. Asso. Prof. Songklod Jarusombat	120,000	25,000	50,000	195,000	360,000	70,000	60,000	490,000
4. Mr. Chalee Suksawad	120,000	30,000	50,000	200,000	180,000	65,000	60,000	305,000
5. Mr. Wanlop Suksawad	120,000	30,000	50,000	200,000	180,000	45,000	60,000	285,000
6. Mrs. Waraporn Suksawad	120,000	30,000	50,000	200,000	180,000	45,000	60,000	285,000
7. Mr. Arak Suksawad	120,000	30,000	100,000	250,000	180,000	65,000	60,000	305,000
8. Ms. Tippawan Suksawad	120,000	30,000	50,000	200,000	180,000	45,000	60,000	285,000
<b>Total</b>	<b>1,080,000</b>	<b>235,000</b>	<b>500,000</b>	<b>1,815,000</b>	<b>2,160,000</b>	<b>480,000</b>	<b>600,000</b>	<b>3,240,000</b>

### Audit Committee

Name	Yr 2014				Yr 2015			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Therdsak Marom	120,000	20,000	None	140,000	240,000	20,000	None	260,000
2. Asso.Prof.Dr. Montri Socratyanurak	180,000	20,000	None	200,000	180,000	20,000	None	200,000
3. Asso. Prof. Songklod Jarusombat	120,000	15,000	None	135,000	180,000	15,000	None	195,000

### Risk Management Committee

Name	Yr 2014	Yr 2015
	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	10,000	10,000
2. Mr.Chalee Suksawad	10,000	10,000
3. Mr.Arak Suksawad	10,000	10,000

### Nomination Committee

Name	Yr 2015
	Meeting Allowance
1. Asso. Prof. Songklod Jarusombat	5,000
2. Mr.Chalee Suksawad	5,000
3. Mr.Arak Suksawad	5,000

### Remuneration Committee

Name	Yr 2015
	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	5,000
2. Mr.Chalee Suksawad	5,000
3. Mr.Arak Suksawad	5,000

### Management's Remuneration

Management's Remuneration	Yr 2014		Yr 2015	
	No. of persons	Amount (Baht)	No. of persons	Amount (Baht)
Salary	7	10,824,000	7	10,876,620
Bonus	-	476,000	-	497,325
Provident Fund	7	342,720	7	380,304
<b>Total</b>	<b>7</b>	<b>11,642,720</b>	<b>7</b>	<b>11,754,249</b>

**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.

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 2014 – 2015) as shown below.

Category	Yr 2014	Yr 2015
	No. of persons	No. of persons
<b>Full-time employee</b>	<b>210</b>	<b>212</b>
1. Management	13	11
2. Marketing	60	50
3. Factory/Production	50	63
4. Financial & Accounting	18	21
5. Procurement	12	12
6. Personnel/Administrator	32	32

Category	Yr 2014	Yr 2015
	No. of persons	No. of persons
7. Store/Warehouse	8	8
8. Import/Export	14	11
9. IT	3	4
<b>Part-time employee</b>	981	849
<b>Total</b>	<b>1,191</b>	<b>1,061</b>

**Note :** 80.02 percent of part-time employee are factory/production division's employees and 62.32 percent of part time employees are migrants workers.

● **Remuneration for Employees**

Category	Yr 2014	Yr 2015
Salary, Bonus and Provident Fund	55,887,144	67,526,241
Wage	86,809,877	123,928,952
Seminar attendance fee	-	72,797
<b>Total</b>	<b>142,697,021</b>	<b>191,527,990</b>

**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 26<sup>th</sup> 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 agendum, 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](mailto:ir@eastcoast.co.th) and our website [www.ecf-furniture.com](http://www.ecf-furniture.com) or [www.elegathai.com](http://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**

The Company appointed the following committees to supervise company operation as follows:

1. Audit Committee
2. Risk Management Committee

After that, in the meeting of Board of Directors held on 27th February 2015, the meeting had resolution to appoint 2 additional sub-committees; nomination committee and compensation committee. The details are as follows.

### **Nomination Committee**

Consists of

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

The nomination committee shall recruit the person to hold a position of company director in the Board of Directors, report a succession plan and evaluate the performance of Managing Director.

### **Remuneration Committee**

Consists of

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



The remuneration committee shall propose compensation policies and other benefit for the Board of Directors, sub-committee members, Managing Director, Deputy Managing Director, review compensation structure and rate of the Board of Directors and Executives appropriately to the duties and responsibilities, the company performance result, and appropriateness when comparing the compensation rate of the companies in the same industry.

### **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.

- 3.1 Shareholders have voting power equivalent to their share.

- 3.2 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.

- 3.3 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.

#### **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.

Besides, in the beginning of 2015, the Managing Director Mr. Arak Suksawad has passed the following trainings to enhance his knowledge to operate the company business.

1. Certificate, Energy Business Chief Executive Program, Thailand Energy Academy, Class 6.
2. Certificate, Power of the ground program for Chief Executive Program, Chulalongkorn University, Class 4.

#### **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 31<sup>st</sup> 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 using confidential and/or internal data shall be conducted, and/or entering into any other transactions by using confidential and /or internal data that may cause damage to the company either directly or indirectly.

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

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

#### **Auditor Fee**

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

1. Annual Audit Fee

In 2015, 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 1,000,000 baht (One million baht only).

2. Quarterly Financial Statement Review Fee (3 quarters)

Amount 540,000 baht (Five hundred forty thousand baht only)

**Total the amount of auditor fee is 1,540,000 Baht** (One million and five hundred forty thousand baht only).

In 2015, 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

We are committed to conducting our business in accordance with good corporate governance principles. The interests of all stakeholders either inside or outside the company are prioritized. Therefore we defined code of ethics for company directors, executives and employees, including CSR policy for a sustainable growth of the company business. The details are as follows.

### Code of Ethics

East Coast Furnitech Co., Ltd. (Public) ("Company" or "ECF") aims to operate the business under the good corporate governance principles along with environmental preservation and social responsibility for the interests of company directors, executives and employees. Therefore we defined code of ethics for company directors, executives and employees, including CSR policy for a sustainable growth of the company business. The details are 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](http://www.elegathai.com),

[www.ecf-furniture.co](http://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. We can conclude the training hours required each year for the employees holding position in managerial level or above as follows.

Department	Average training hours per person
1. Manufacturing department in the factory	Minimum 50 hours
2. Marketing department	Minimum 10 hours
3. Accounting and financial department	Minimum 30 hours

Department	Average training hours per person
4. HR Department	Minimum 20 hours
5. Company Secretary department and Investor relation	Minimum 30 hours

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. In 2015, 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. In 2015, the company organized additional trainings as follows.

- First aid and rescue
  - Trainings for security guard supervisors
  - Correct and safe forklift control
  - Work discipline review
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, the company has set measures to reduce the impact to the nature caused by manufacturing process. The details are as follows;
  - 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.

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.

### 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.

#### 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 60% 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. 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.

### 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.

### 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](mailto:cg@eastcoast.co.th) or  
Human Resources Department : [hrrayong@eastcoast.co.th](mailto:hrrayong@eastcoast.co.th)

#### 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.

In 2015, the company has evaluated the risk of corruption and found that there is no risk of corruption. It is important risk that may impact the business. The company has implemented the internal control to prevent the corruption in IT and documentation systems under the concept "Check and Balance", including monitoring measures. Furthermore, according to our tracking system on the subject that the corruption was found before and analyses of issues tend to have corruption, the result shows that the company has sufficient control. Last year, there is no complaints related to illegal act and breach of ethics. In 2016, the company shall appoint the independent agent to monitor the operation and evaluation the risk of corruption in the company.

However, recently the company has informed all employees of anti-corruption principles, particularly, the receiving money from customers/ partners of the company and the involvement in any act that considered as a corruption or bribery from the public or private sectors for individual benefit or competition advantage. The company has set a policy to provide an opportunity for those who found such misconduct, please contact by

- A letter to Assistant Professor Dr. Montri Socratyanurak  
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](mailto:cg@eastcoast.co.th) or

Human Resources Department : [hrrayong@eastcoast.co.th](mailto: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 2015, 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.

6. Policy on business operation for sustainable development

With the vision of the organization, the company has set a business strategy for the year 2014-2015 to manage the risk of the major business which is the manufacture and distribution of particle boards and rubber wood to enhance the stability and profitability of the business. In addition, regarding environmental protection, the company operates a plant generating solar energy and prepares to operate the biomass energy plant and PV solar rooftop plant. The progress of each project and the risk management for the sustainable business and environmental protection is as follows.

### 1. Solar Farm Power Plant

We have ECF Tornado Energy Godo Kaisha (“ECF Tornado”) from which we bought 51% of shares (under the name of ECFH of which we possess 51% share) on 31<sup>st</sup> December 2015. In the beginning of 2016, we increased the investment to be 75%. ECF Tornado was established to expand the investment in Japan, started generating electricity for commercial purpose since 21<sup>st</sup> December 2015. It is a pilot project; there will be a feasibility study on it to ensure the appropriate return of the projects in the future.

### 2. Biomass Power Plant

Currently the progress of this project is that the company has made the joint venture registration with 4 following companies on 27<sup>th</sup> 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. (Pattanee) in which ECFH holds 25% of all shares
4. Safe Energy Group Co.,Ltd. (Songkla) in which ECFH holds 25% of all shares

The venture company was established to operate a solar power plant with production capacity of 10Mw in 3 southern border provinces and 4 districts in Songkla province.

Therefore, in the project of Biomass power plant is awaiting exact criteria of government on the subject of the sales of electricity and official competitive bidding procedures.

### 3. PV Solar Rooftop Power Plant

The company has found the sufficient area of rooftop to install a panel for a power generation of 10 MW. The company has made a MOU with Gunkul Engineering Public Company Limited and waited for submit a request to offer the power generation service to Provincial Electricity Authority or Metropolitan Electricity Authority accordingly.

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

Following to progress of renewable energy project mentioned above, the company aims to increase value of the business sustainably by restructuring the expected income in the future; from major business which is the manufacture of particle board and rubber wood to the several income resources if the company wins a bid and have a power purchase agreement with the public sector. It is because the company will gain additional income from renewable energy generation service. This new business will enhance the stable income and reduce the risk of furniture business competition which tend to be more difficult in the future.

### 7. Risk Management

In 2015, there is an extreme economic fluctuation both inside and outside the country. It affects the demand of company products which is in category of consumer products. Therefore, the company is aware of the risk which continuously impact the business. The company considers risk factors and plans following strategy to face the risk.



➤ 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.

➤ 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.

➤ Risk of Fire and Operation

In 2015, 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.

**Policy for Corporate and Social Responsibility (CSR)**

In 2015, the company organized Corporate and Social Responsibility (CSR) activities as follows.

**1. “ECF Sharing Activity (ECF Pan Nam Jai)”**

**Helpless Female Workhouse Tanyaburi**

**Rangsit sub-district, Tanyaburi district, Patumthani province**

This activity is organized to help helpless and homeless female. The company hosts a lunch and donate things needed in everyday life.



**2. Waste Separation Activity**

**“ECF’s Global warming reduction activity – understanding of waste separation, and its value”:**



The company has promoted the waste separation practice in office area and warehouse as follows.

- 1.) Wet trash (green) for "wet waste" such as food, vegetable and fruit
- 2.) Dry trash (yellow) for twigs, leaves, toilet paper
- 3.) Recycle trash (blue) for recycled waste such as paper, carton, metal scrap, cans, bottles, glass or plastic materials.
- 4.) Hazardous trash (red) for hazardous waste such as battery of flashlight or cell phone, ink cartridge, cans of chemical materials.

### 3. “Health and Occupational Hygiene Activity”

This activity is organized to build confidence within the organization so that employees can be confident in the quality of drinking water from a company. The company's water filters are always strictly checked by the maintenance measures within the determined period.



## 4. "Rice Donation Activity"

This activity intends to build morale and encourage workers in production section.



## 5. "Education Scholarship Activity"

This activity intends to partially support those whose children needs a financial support for their education. It is under the condition of the company regarding scholarship granting.



## 6. “Housing Support for The Needy Activity”

This activity is organized to build houses for the needy in Klang district, Rayong province.



## 7. “Lunch for Elders Activity”

This activity intends to host lunch for elder at Ban Banglamung social welfare service, Chonburi province.



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

1. **Social Responsibility : Internal Dimension**

- Employees

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

- Safety Workplace

Healthy employees shall increase the business' capabilities.

2. **Social Responsibility : External Dimension**

- Consumers

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

- Community

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

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

**Internal Control and Risk Management**

Recognizing the importance of an internal control system (both of executive and operation levels) for effective and efficient operation of all departments. The Board of Directors Meeting of the Company No. 1/ 2016 on February 23, 2016, 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. 1/ 2016 on February 23, 2016, the internal auditor reported result of the internal checking and proposed the suggestions to the Audit Committee.



**Connected Transaction**

For year 2015, 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 2015 or as of December 31, 2015	
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	<b>Rental Cost and Show Room Fee:</b> Rental area under brand "ELEGA" to distribute real wood furniture.	17.95	<ul style="list-style-type: none"> <li>- Rental 14 potential locations as of December 31, 2015 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.</li> <li>- 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.</li> <li>- 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)</li> </ul>
		<b>Rental and Show Room Service Deposit:</b> 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.	4.25	
		<b>Other Payables:</b> Rental deposit is accrued expenses of Index Living Mall which have not got into the payment overdue. However, the Company has processed the payment for above accrued expenses to Index Living Mall already.	2.04	
		<b>Sales of Products:</b> The company sell particle board furniture to Index living mall since September, 2012	11.90	

Related Party	Relationship	Type of Transaction	Amount of transaction (MB) Yr 2015 or as of December 31, 2015	Necessity and reasonability
1. Index Living Mall Co., Ltd. (Index Living Mall) (cont.)		<b>Trade Receivables:</b> 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.
		<b>Decoration Expense:</b> The Company pais decoration expense to Index Living Mall for decorating "ELEGA" showroom.	2.05	
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	<b>Sales of Products</b> The Company sells foil paper to IIF in 2010	16.82	- 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 maximum benefits of the Company.
		<b>Trade Receivables</b> IIF has the accrued expenses of foil paper with the Company and the overdue within 3 months which is normal payment condition for IIF.	5.36	
		<b>Raw Material Purchasing</b> The Company purchases foil paper and PVC from IFF to produce some model of products prior to distribute to Index Living Mall.	1.61	
		<b>Accounts Payable</b> The Company has accrued expense for foil paper and PVC edge to IFF, however this payment has not got into the payment overdue.	0.35	
3. Mr.Wanlop	- Major shareholder	<b>Short Term Loan</b> The Company	Beginning -	<u>Auditing Committee's opinions</u>

Related Party	Relationship	Type of Transaction	Amount of transaction (MB) Yr 2015 or as of December 31, 2015	Necessity and reasonability
Suksawad	holds 64.42% of paid-up capital (including related person) - Director - Authorized Signatory Director - Chairman of Board of Executive Committee	borrowed short tem loan from Mr.Wanlop Suksawad for working capital which agreed to pay interest at 3%/year.  <b>Interest Accrued Expense</b> Interest accrued expense for short tem loan borrowed from Mr.Wanlop at outstanding as of 31 December, 2015 totalling 10.50 MB.	Increase 10.50 Decrease - Outstanding 10.50  0.09	Audit Committee verified and provided the opinions of these transactions that it is rational and for the maximum benefits of the Company.  This transaction could be categorized to small size regarding to connected transaction, that could be approved by level of Board of Executive Committee of the Company.

**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.1/2016, held on February 23, 2016. 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 2015**

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 2015, 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 2015 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 2015, 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 1,540,000 baht (One Million Five Hundred Forty Thousand 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 2015. 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 Socratianurak)  
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, 2015 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.

<b>Financial Statement</b>	<b>Auditor</b>	<b>Auditor's opinions</b>
During 12 months Ended December 31, 2013	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, 2013 and 2014 and their financial performance and their cash flows for the year then ended, and the separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company as at December 31, 2013 and 2014 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
During 12 months Ended December 31, 2014		
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 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 its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(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 (revised)		Consolidated Financial Statements		Consolidated Financial Statements	
	Ended December 31, 2013		Ended December 31, 2014		Ended December 31, 2015	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
<b>Asset</b>						
<b>Current asset</b>						
Cash and cash equivalent	3.47	0.32	32.02	2.59	61.10	4.06
Account receivable						
- Related Companies	10.27	0.94	8.63	0.70	8.50	0.56
- Other Companies	158.11	14.48	146.86	11.86	189.19	12.56
Inventory - Net	288.55	26.43	419.99	33.91	578.63	38.42
Other current asset	19.92	1.82	23.96	1.93	24.55	1.63
<b>Total current asset</b>	<b>480.32</b>	<b>43.99</b>	<b>631.47</b>	<b>50.98</b>	<b>861.96</b>	<b>57.23</b>
<b>Non-current assets</b>						
Restricted deposits at bank	-	-	30.00	2.42	30.60	2.03
Investment in associate accounted for using the equity method	-	-	-	-	60.90	4.04
Held-to-maturity debt securities	2.00	0.18	2.00	0.16	2.00	0.13
Property plant and equipment - Net	388.50	35.58	373.00	30.11	360.46	23.93
Surplus on revaluation of assets - Net	206.49	18.91	183.58	14.82	160.88	10.68
Intangible assets - Net	4.01	0.37	4.42	0.36	2.95	0.20
Deferred tax assets	1.44	0.13	3.68	0.30	2.69	0.18
Other Non-current assets	9.14	0.84	10.53	0.85	23.75	1.58
<b>Total Non-current assets</b>	<b>611.59</b>	<b>56.01</b>	<b>607.20</b>	<b>49.02</b>	<b>644.24</b>	<b>42.77</b>
<b>Total Asset</b>	<b>1,091.91</b>	<b>100.00</b>	<b>1,238.67</b>	<b>100.00</b>	<b>1,506.20</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdraft and short-term loans from financial institutions.	352.63	32.29	330.98	26.72	540.24	35.87
Payable on the sale of accounts receivable claims.	43.09	3.95	41.77	3.37	50.78	3.37
Trade accounts payable	146.08	13.38	135.18	10.91	180.09	11.96
Other account payable - related companies	1.38	0.13	2.10	0.17	2.04	0.14
Liabilities in hire-purchase agreement and finance leases contracts due within one year	-	-	-	-	10.59	0.70
The portion of long-term loans due within one year	11.71	1.07	10.68	0.86	11.33	0.75
Accrued expenses and other current liabilities	50.20	4.60	66.97	5.41	63.41	4.21
<b>Total current liabilities</b>	<b>68.82</b>	<b>6.30</b>	<b>56.89</b>	<b>4.59</b>	<b>59.63</b>	<b>3.96</b>
<b>Current liabilities</b>	<b>673.90</b>	<b>61.72</b>	<b>644.58</b>	<b>52.04</b>	<b>918.11</b>	<b>60.96</b>

### (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, 2013		Ended December 31, 2014		Ended December 31, 2015	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
<b>Non-current liabilities</b>						
Liabilities in hire-purchase agreement and finance leases contracts - Net	17.95	1.64	17.81	1.44	11.20	0.74
Profit from sale and deferred lease back	0.21	0.02	0.22	0.02	0.13	0.01
Long-term loans - Net	43.68	4.00	166.80	13.47	114.36	7.59
Liabilities for post-employment benefits	2.97	0.27	3.28	0.26	3.38	0.22
Deferred tax liabilities	8.36	0.77	6.86	0.55	5.37	0.36
<b>Total non-current liabilities</b>	<b>73.17</b>	<b>5.94</b>	<b>194.97</b>	<b>15.74</b>	<b>134.44</b>	<b>8.93</b>
<b>Total Liabilities</b>	<b>747.07</b>	<b>68.42</b>	<b>839.55</b>	<b>67.78</b>	<b>1,052.54</b>	<b>69.88</b>
<b>Shareholder's equity</b>						
Registered capital	130.00		195.00		195.00	
Issued and fully paid-up share capital	130.00	11.91	130.00	10.50	137.55	9.13
Premium on share capital	105.48	9.66	105.48	8.52	113.03	7.50
Retained earnings						
- Appropriated for legal reserve	11.50	1.05	16.60	1.34	19.50	1.29
- Unappropriated	117.36	10.75	187.96	15.17	245.81	16.32
Other components of equity <sup>1/</sup>	(19.51)	(1.79)	(40.92)	(3.30)	(59.76)	(3.97)
<b>Equity attributable to Owners of the Parent</b>	<b>344.84</b>	<b>31.58</b>	<b>399.12</b>	<b>32.22</b>	<b>456.14</b>	<b>30.28</b>
Non-controlling interests	-	-	-	-	(2.48)	(0.16)
<b>Total shareholders' equity</b>	<b>344.84</b>	<b>31.58</b>	<b>399.12</b>	<b>32.22</b>	<b>453.66</b>	<b>30.12</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,091.91</b>	<b>100.00</b>	<b>1,238.67</b>	<b>100.00</b>	<b>1,506.20</b>	<b>100.00</b>

**Notes:** <sup>1/</sup> Other components of equity's detail as follows ;

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

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

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

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

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.

(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	
	2013		2014		2015	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Revenue from sale-Net	1,172.76	99.31	1,209.05	98.46	1,334.10	98.22
Other income						
- Unrealized gain (loss) on fair value of derivatives	(12.38)	(1.05)	9.09	0.74	3.29	0.24
- Gain (loss) on exchange rate	5.78	0.49	(7.36)	(0.60)	2.22	0.16
- Others	14.77	1.26	17.18	1.40	18.69	1.38
<b>Total Revenue</b>	<b>1,180.93</b>	<b>100.00</b>	<b>1,227.96</b>	<b>100.00</b>	<b>1,358.30</b>	<b>100.00</b>
Cost of goods sold	905.92	76.71	887.25	72.25	981.74	72.28
Selling expenses	99.80	8.45	108.70	8.85	134.17	9.88
Administrative expenses	95.83	8.11	118.21	9.63	118.65	8.74
<b>Total Expenses</b>	<b>1,101.55</b>	<b>93.28</b>	<b>1,114.17</b>	<b>90.73</b>	<b>1,234.56</b>	<b>90.89</b>
<b>Profit Before Interests and Income</b>	<b>79.38</b>	<b>6.72</b>	<b>113.79</b>	<b>9.27</b>	<b>123.74</b>	<b>9.11</b>
<b>Tax Expense</b>						
Financial costs	33.38	2.83	30.95	2.52	38.73	2.85
Share of loss from investment in associate	-	-	-	-	0.84	0.06
Income tax expense	5.20	0.44	12.97	1.06	13.99	1.03
<b>Profit for The Year</b>	<b>40.79</b>	<b>3.46</b>	<b>69.88</b>	<b>5.69</b>	<b>70.17</b>	<b>5.17</b>
<b>Other Comprehensive Income</b>						
Share of other comprehensive income from associate	0.00	0.00	0.00	0.00	4.66	0.34
<u>Other comprehensive income for the period</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4.66</u>	<u>0.34</u>
<b>Total Comprehensive Income For The Year</b>	<b>40.79</b>	<b>3.47</b>	<b>69.88</b>	<b>5.69</b>	<b>74.83</b>	<b>5.51</b>

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

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

Unit: Million Baht

Statements of cash flows	Consolidated	Consolidated	Consolidated
	Financial	Financial	Financial
	Statements	Statements	Statements
	Audited	Audited	Audited
	2013	2014	2015
Profit before income tax expense	45.99	82.85	84.16
<u>Adjustment for non-cash items</u>			
Depreciation and amortization	70.53	69.07	69.45
Increase in allowance for doubtful accounts	-	2.13	0.44
Provision for post-employment benefits	0.13	0.31	0.10
Unrealized Gain (Loss) on exchange rate	(0.32)	(0.06)	0.0007
Increase (decrease) in allowance for obsolete / slow-moving inventories	1.68	8.74	(5.38)
Gain (loss) on sale of machinery and equipment	(0.43)	(0.24)	(0.06)
Loss on selling equipment	0.02	-	-
Gain (Loss) on fair value of derivatives	12.38	(9.09)	(3.29)
Share of loss from investment in associate	-	-	0.84
Interest receivable	(0.58)	(0.27)	(1.58)
Interest payable	33.38	30.95	38.73
<i>Increase (decrease) in Operating assets</i>			
Trade account receivable	(57.32)	10.87	(42.55)
Inventories	(79.00)	(140.18)	(153.33)
Other account receivable – related companies	0.001	-	-
Other current asset	0.86	(4.56)	0.88
Other non-current asset	(1.08)	(2.03)	(13.96)
<i>Increase (decrease) in Operating liabilities</i>			
Trade account payable	(20.52)	(10.90)	44.91
Other account payable – related companies	(1.37)	0.72	(0.06)
Accrued expenses and other current liabilities	19.09	(6.63)	8.42
Income tax expense	(6.61)	(11.74)	(15.57)
<b>Net cash provided by operating activities</b>	<b>16.84</b>	<b>19.93</b>	<b>12.16</b>
Increase in restricted deposits at bank	-	(30.00)	(0.60)
Increase in the investment of associate	-	-	(57.08)
Increase in property, plant and equipment	(35.52)	(28.08)	(27.02)
Increase in intangible assets	(1.29)	(1.90)	(0.01)

Statements of cash flows	Consolidated Financial Statements	Consolidated Financial Statements	Consolidated Financial Statements
	Audited	Audited	Audited
	2013	2014	2015
Cash from sale of equipment	8.20	1.70	0.002
Cash received from interest income	0.57	0.27	1.0
<b>Net cash used in investing activities</b>	<b>(25.04)</b>	<b>(58.00)</b>	<b>(83.71)</b>
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(41.58)	(21.68)	209.21
Increase (decrease) in A/P on the sale of accounts receivable claims	19.44	(1.32)	9.01
Decrease in liabilities in hire-purchase agreement and finance leases contracts	(10.31)	(12.70)	(10.77)
Increase in short term loans from related person	-	-	10.50
Increase in long-term loans	5.00	269.90	4.10
Repayment of long-term loans	(36.46)	(130.01)	(60.10)
Increase in non-controlling interests	-	-	0.49
Cash received from increase in share capital (IPO)	137.48	-	15.10
Preceeds from sales of machinery and equipment under sales and leaseback agreements	7.84	9.72	-
Cash paid for dividend	(30.89)	(15.60)	(35.88)
Cash paid for interest expenses	(32.64)	(31.69)	(41.03)
<b>Net cash provided by (used in) financing activities</b>	<b>17.88</b>	<b>66.62</b>	<b>100.62</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1.85</b>	<b>28.55</b>	<b>29.08</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1.63</b>	<b>3.47</b>	<b>32.02</b>
<b>Cash and cash equivalents at end of period</b>	<b>3.47</b>	<b>32.02</b>	<b>61.10</b>

### (C) The Key Financial Ratios

Key Financial Ratios	Consolidated Financial Statements	Consolidated Financial Statements	Consolidated Financial Statements
	2013	2014	2015
<b><u>LIQUIDITY RATIO</u></b>			
Current ratio (Times)	0.71	0.98	0.94
Quick Ratio (Times)	0.26	0.29	0.28
Cash Ration (Times)	0.02	0.03	0.02
Account Receivable Turnover Ratio (Times)	8.41	7.42	7.46
Average Collection Period (Days)	42.80	48.54	48.28
Inventory Turnover (Times)	6.73	5.92	5.98
Average Inventory Period Ratio (Days)	53.48	60.86	60.18
Accounts Payable Turnover Ratio (Times)	5.79	6.31	6.23
Repayment period (Days)	62.13	57.06	57.80
Cash Cycle (Days)	34.15	52.34	50.66
<b><u>PROFITABILITY RATIO</u></b>			
Gross Profit Margin (%)	22.75	26.62	26.41
Operating Profit Margin (%)	6.77	9.41	9.28
Cash to profitability Ratio (%)	21.21	17.51	9.83
Net Profit Margin (%)	3.42	5.66	5.51
Return On Equity (%)	14.99	18.78	17.55
<b><u>EFFICIENCY RATIO</u></b>			
Return On Asset (%)	3.93	6.00	5.45
Return On Fix Asset (%)	28.40	36.49	39.34
Total Assets Turnover (Times)	1.15	1.06	0.99
<b><u>FINANCIAL POLICY RATIO</u></b>			
Debt to Equity Ratio (Times)	2.17	2.10	2.32
Interest Coverage Ratio (Times)	1.66	2.06	1.72
Coverage Ratio (Cash Basis) (Times)	0.15	0.10	0.05
Dividend Payout Ratio (%) <sup>1/</sup>	38.24	51.35	43.08

**Notes :** <sup>1/</sup> Dividend Payout Ratio = Dividends / Net Income



## 1. Management Discussion and Analysis (MD&A)

### Overview of Past Performance

Throughout 3 years from 2013 to 2015, the company has gained revenue from sales increase continuously, with average growth rate (Compound Average Growth Rate) for the last 3 years by 6.66%; the sales growth from the year 2013 to 2014 is 3.09%, and the rate from 2014 to 2015 is 10.34%. You can see that by comparing the growth rate during the years 2014 and 2015, the growth rate is higher than previous year although the year 2015 the economic situation in domestic and global markets is difficult for the business and the consumer's spending due to the declining exportation and competitiveness, including economic slowdown in partners' country, drought and the investment from public sector which cannot build confidence to private sector. However, in 2015, the operation performance and the growth rate (sale volume and overall income) of the company is still in a satisfactory level even the economic situation is difficult.

The main revenue of the company comes from the exportation of made-to-order product, which still gradually increases, to other countries, particularly to Japan. The sales volume from Japan can be considered as 50% of overall income. The growth rate of exportation to Japan this year is 6.62% whilst the overall exportation figures of furniture business declines by 16.92%. We may assume that we build a good relationship with Japanese customers for over 10 years. In addition, we focus on making new design and new product with Japanese customers to expand the opportunity of sales. Besides, the customers in modern trade group either in form of Home Center and regular retail store. These partners still expands their business throughout Japan and other countries. In conclusion, the exportation of the company in 2015 was increased by 6.23% in domestic market. The company increase domestic sales higher than exports. The growth rate of exportation is 16.87%. This is because the company focuses on sales promotion with modern trade customers that use our brands; Leaf sold at Home Pro, Fur Direct sold at Big C, a7 sold at Mega Home, and Hasta sold at Thai Watsadu. Besides, the manufacture and distribution under the house brand for Tesco Lotus. Last year, the company commences the sales with Do Home from the 3<sup>rd</sup> quarter of the last year. The distribution of product in ELEGA showrooms still shows a continuous growth. Regarding cost of materials and expense in manufacturing process, the company was able to maintain profitability, cost and expense as same as last year. We are able to lower the expense of administration comparing to last year. We still have challenge to reduce more cost and expense of sales as last year we focused on the sales promotion to maintain a sale growth. However, the overall net profit still grows comparing to last year. The growth rate of 2015 comparing to 2014 is 7.09%.

Since East Coast Company Group has restructured the organization in 2011, the company operates the business through 2 juristic persons named East Coast Furnitech Co., Ltd. (former name before changed to limited public company) and VV Décor Co., Ltd. (company subsidiary that the company holds 99.95% of all shares). After that, the company operates main business which is furniture manufacture and distribution of rubber wood, dried wood, and covering paper for furniture manufacture under the brand named ELEGA (16 branches). The wood furniture manufactured in the country or imported from other countries with Disney

character is sold at FINNA HOUSE (3 branches) as a sole official Franchisee in Thailand. The company also offers the covering paper (PVC) cutting service as well.

In 2015, the company registered 1 company named ECF Holdings Co., Ltd. (“Subsidiary” or “ECFH”) of which the company holds 51% of shares and planned to hold 75% of shares in January 2016. ECFH shall operate the business other than the main business of the company which is furniture manufacture. ECFH currently operate Can Do shops (a 100-yen shop) that we bought a franchise from Japan. The products sold in the shop shall be sold at one price (60 baht). We have established 3 branches. The first one was open on 19<sup>th</sup> December 2015. Since 21<sup>st</sup> December 2015, ECFH has operates renewable energy business under the project ECF Tornado Energy Godo Kaisha in Japan. The capacity of production is 1.5 Mw. The project is located at 1737 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan. In ECFH, the company holds 51% of share. Currently it starts generating power for commercial purpose.

### Performance

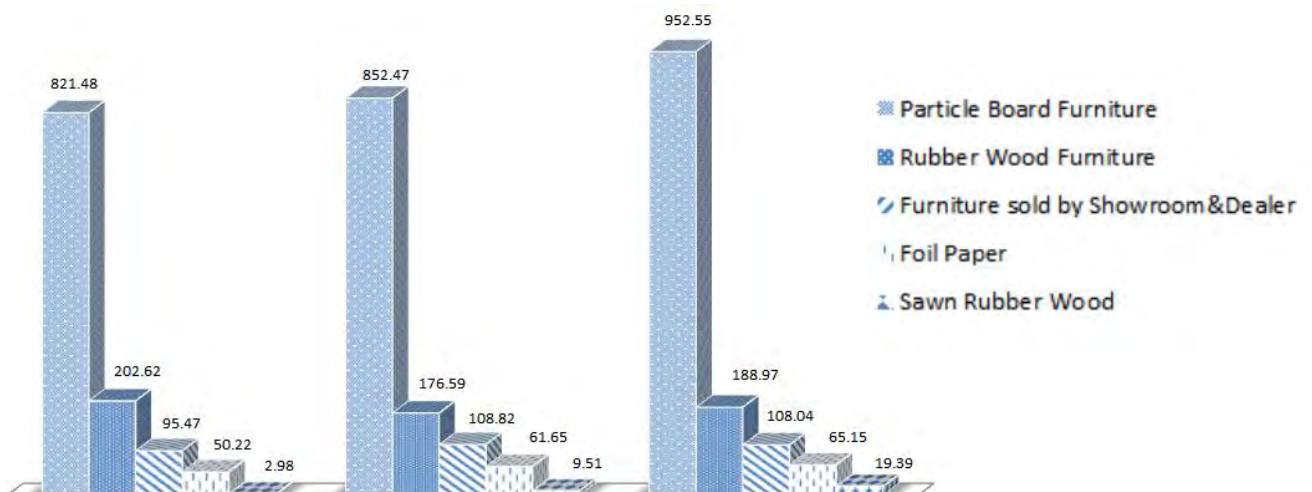
#### Revenue

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

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

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

**Revenue classified by product types  
Since 2013– 2015 (Million Baht)**

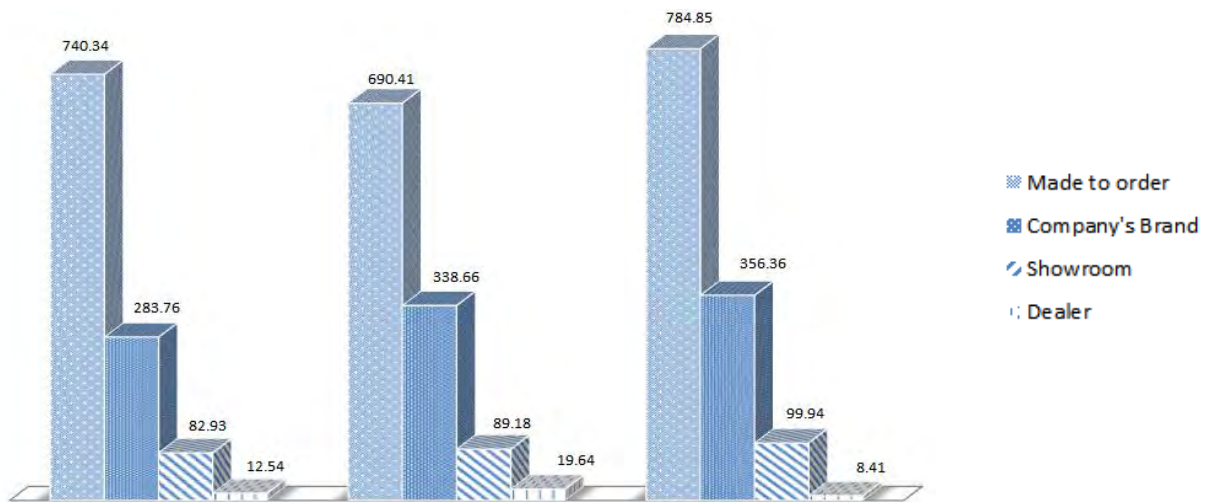


The Company’s revenue classified by distribution channels which are ranked according to the revenue from sales is as follows:

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

Currently, the Company’s revenue from made-to-order products represents 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  
Since 2013– 2015 (Million Baht)**



Its revenue from domestic and overseas sales last year accounted for approximately 40.96 and 59.04 percent of its total sales revenue, respectively.

The Company’s sales revenue equaled 1,172.76 million baht, 1,209.05 million baht, and 1,334.10 million baht in 2013, 2014, and 2015, respectively, which showed an increase of 3.09 percent from 2013 to 2014 and an increase of 10.34 percent from 2014 to 2015.

Last year, a significant increase in the sales revenue was derived from the Company’s growth in its revenue from the sale of particle board furniture and the sale of rubber wood furniture. The growth rate represented 11.71 and 7.01 percent, respectively, compared to 2014. In addition, the Company was able to generate a continual growth rate of the sales of foil paper and dried rubber wood except for the furniture distributing via wholesalers and retailers. However, the Company will plan the marketing strategy to increase the sales revenue of wholesalers and retailers.

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

Concerning its distribution channels, last year, there was a growth in the sale of furniture that were 3 factors consist of made to order products, the growth rate of which represented 13.68 percent, from house brand products represented the growth rate 5.23 percent and also sales from showroom ELEGA and FINNA HOUSE grew 12.07 percent. However, the growth rate for wholesaler and retailers decreased by 57.19 percent, which the Company is not indifferent but on the process of provider the professional to be in chare of adjusting the marketing strategy and increasing the distribution channels in order to boost the sales revenue.

When comparing with the previous year has found that the sales revenue from made to order products of the last year decreased in orders placed by customers in Japan from the fact that the consumption tax (VAT) increasing measure from 5 percent to 8 percent, but for the year 2015 there was a growth 6.62 percent from made to order products by main reasons came from more orders places by Japanese customers again. Whereas the overall of export sales grew 6.23 percent divides the proportion of exporting to Japan 50 percent of total sales revenue, followed by Bahrain, Taiwan, The Philippines and Indonesia respectively. In 2015 was on the beginning of expansion customer base to group of Asian Economic Community (AEC) countries, thus many customers were interested in our products. The result from expanding to AEC was to the Company got the new customers from Indonesia and Malaysia.

All of export sale will come from made to order products, this is result from the Company adjusted the strategy by developing new products together with our customers including product styles, using new materials, more utilizing for daily use. Besides our designer suggested the customers for new products in order to open opportunity for selling. The Company also produces the products by made to order for TESCO LOTUS and Do Home since the third quarter of 2015.

For house brand products, these products were manufactured and sold to modern trades. The house brands included LEAF (for Home Pro), Fur Direct (for Big C), a7 (for Mega Home), Hasta (for Thai Wasadu) and My For (for Do Home). This distribution channel will use marketing strateby by focusing on new products, participating the promotion program continuously. In 2015 the Company succeeded for one more customer from Do Home.

As for its showroom "ELEGA," leased space in the Index Living Mall and Home Pro, as of December 31, 2015, the Company had 16 ELEGA showrooms. It has aimed to increase the number of showrooms continually, and its goal in 2016 is at least seven more showrooms. In 2015, the Company's revenue from sales through its ELEGA showrooms grew by 12.07 percent compared to 2014. Moreover since August 2015 FINNA HOUSE showroom has opened for distributing furniture under Disney's License. All of the products in this showroom will be produced from our factory. The category of products will consist of bed room set such as bed, cabinet, side table, wordrobe, sofa, multi purpose cabinet, including other products such as hanger, wall shelf, mirror. The Company also presents the products under Disney's licenst to modern trade customber, which in 2016 the Company will have good feedback from more sales revenue through FINNA HOUSE products.

In terms of manufacturing, the Company used new technology to assist in the manufacturing process in order to control manufacturing expenses. It also expanded its production base, as it has done continually, in order to handle the volume of orders of particle board furniture from made-to-order customers and domestic modern trades, which placed orders continuously. In 2015, the Company used money to enhance its production efficiency for printing machines in order to support the products under Disney's license, which these products are value added products.

Since December 2015, the subsidiary or ECF Holdings Company Limited has started the retail business, Can Do, the retail shop in 100 Yen shop style that sells all products in single price 60 baht. Currently Can Do has been opened 3 branches and for the next year has planned for 13 branches in total. Moreover the Company has recognized the income distribution from solar power plant in Japan with capacity 1.5 MW since December 21, 2015.

The Company's other revenue in 2013, 2014, and 2015 was worth 8.17 million baht, 18.92 million baht, and 24.20 million baht, respectively. This revenue consisted of revenue from the sale of scrap, unrealized gains (losses) based on the fair value measurement of the derivatives, gains (losses) from sale of fixed assets, interest received, and compensation for exports. The main component of other revenue was - Unrealized gain (loss) on fair value of derivatives in 2013, 2014, and 2015 was worth loss 12.38 million baht, gain 9.09 million baht and gain 3.29 million baht respectively.

Its total revenue in 2013, 2014, and 2015 was equal to 1,180.93 million baht, 1,227.97 million baht, and 1,358.30 million baht, respectively. Its compound average growth rate per year was 7.25 percent, and its total revenue grew continually, in line with the major growth of its sales revenue.

#### Costs of goods sold and expenses

In 2013, 2014, and 2015, the Company's costs of goods sold represented 77.25 percent, 73.38 percent, and 73.59 percent of its total sales revenue, respectively. The value of its costs of goods sold equated 905.92 million baht, 887.25 million baht, and 981.74 million baht, respectively.

Data from 2013 to 2015 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 fundraising through the IPO to make an investment to optimize machinery and the manufacturing process, which allowed it to continually reduce the number of people needed for the manufacturing process. The investment in the machinery affected the reducible costs of goods sold from the past three years. In 2014, 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., this price trend still existed through 2015.

In 2013, 2014, and 2015, the Company's selling expenses represented 8.49 percent, 8.85 percent, and 9.88 percent of the total revenue, respectively, and its administrative expenses represented 8.15 percent, 9.63 percent, and 8.74 percent of the total revenue, respectively.

The major causes of the Company's continual increase in selling expenses from 2013 to 2015 came from the Company's costs related to advertisements and sales promotions in the country were based on an agreement that prescribed the increasing of rates of the costs on a yearly basis. When its sales revenue from the modern trades, Tesco Lotus, Big C, Home Pro, Mega Home, and Thai Watsadu, increased and the rates of the sales promotion costs based upon the agreement increased every year, it results in higher advertisement and sales promotion costs to pay. The Company's advertisement and sales promotion costs for the respective modern trades based on the agreement are outlined as follows:

- The trade discount (Rebate), calculated as percent by proportion of sales
- The cost for marketing employees, fixed cost per month
- The marketing expenses, calculated as percent by proportion of sales
- The distribution expenses , calculated as percent by proportion of sales
- The discount for opening a new branch as the agreement
- The discount for annual promotion (Thank You Bonus), calculated as percent by proportion of sales on December every year
- The fixed special expenses as the agreement of each year

Other cause came from increase in transportation expenses.

The major causes of the Company's decrease in administrative expenses from 2014 to 2015 came from in 2015 the Company had increase in allowance for diminution in value of inventories 8.74 million baht from practice on conservative basis, but 2015 the Company could get reverse on allowance for diminution in value of inventories to decrease 5.38 million baht.

The Company's financial costs in 2013, 2014, and 2015 equaled 2.84 percent, 2.52 percent, and 2.85 percent of its total revenue. This was 33.38 million baht, 30.95 million baht, and 38.73 million baht in 2013, 2014, and 2015, 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, 2013, 2014, and 2015, equaled 352.63 million baht, 330.98 million baht, and 540.24 million baht, respectively. The Company's long-term loans from financial institutions equaled 93.88 million baht, 233.77 million baht, and 177.77 million baht, as of December 31, 2013, 2014, and 2015, respectively.

In 2015 the Company's outstanding short-term loan was tending to increase as a result of its financial for working capital for inventories and also for the operation of the subsidiary to start the retail shop Can Do which has opened 3 branches. The loans was used for decoration, order the products for sales and inventories.

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 2013, 2014, and 2015 represented 20.01 percent, 26.62 percent, and 26.41 percent of its total sales revenue, which equated 266.84 million baht, 321.80 million baht, and 352.36 million baht, respectively.

A major factor contributing to the Company's gross profit margins that increased from 2013 was its adjusted manufacturing policy that focused on cutting production costs, purchasing semi-automatic machines for manufacturing particle board furniture to reduce labor costs in the manufacturing process, as well as training workers in manufacturing skills to reduce losses. Other factors included the Company's success in price negotiations with its customers and increasing goods orders, which reduced fixed expenses per unit. The results of the policy implementation started to show promise in 2011, and it continued to create positive impacts through 2013 until 2015.

In both 2013 and 2014, the factor that led to higher gross profit margins was increase efficiency in production line, cost and expense controlling policy whereas the trend prices of raw materials such as particle board and rubber wood were stable.

The Company's net profit margins in 2013, 2014, and 2015 accounted for 3.47 percent, 5.66 percent, and 5.55 percent, which equaled 40.79 million baht, 69.88 million baht, and 74.83 million baht, respectively

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

However, in 2015 Thailand economy was facing the problems, drought situation which these factors led to decrease power purchasing of people, but the Company focused on costs and expenses controlling policy in every production process. These resulted in cost, expenses could be in the same level as previous, which the Company still generated the growth from sales revenue 10.34 percent , total revenes 10.61 percent and net profit 7.09 percent.

## Financial Status Analysis

### Asset

#### Current Assets

As of December 31, 2013, 2014 and 2015, the Company's current assets equated 480.32 million baht, 631.47 million baht, and 861.96 million baht, respectively, which are outlined as follows:

- Net accounts receivables – As of December 31, 2013, 2014 and 2015 the Company's net accounts receivables were valued at 168.38 million baht, 155.50 million baht, and 197.69 million baht, which represented 15.42 percent, 12.56 percent, and 13.12 percent of the total assets, respectively. The value of the accounts receivables varied to the sales revenue.

Overall, there was a rise in the value of the Company's accounts receivables from 2013 to 2015, which was in line with the increase in the sales revenue. However, the value dropped in 2014 after the Company became more strict with the collection of receivables from late 2014. Some wholesalers and dealers started delaying payment, and the Company started to ask for payment from these customers. Concerning the Company's ability of payment collection, its average collection period during 2013, 2014 and 2015 was 42.80 days, 48.54 days, and 48.28 days, respectively. Between 2014 - 2015, the Company's collection period was still similar.

As of December 31, 2015, the Company's net accounts receivables equaled 197.69 million baht. The value of accounts receivables from the Company's related parties was 8.50 million baht, which was derived from the sale of furniture and foil paper for furniture manufacturing to related parties for a value of 28.72 million baht. The related parties were Index Interfurn Co., Ltd. and Index Living Mall Co., Ltd., a director of which was the spouse of Mr. Arak Suksawat, who was the Company's shareholder, director, authorized director, and member of the management team. The value of the accounts receivables from the unrelated parties equated to 189.19 million baht. Almost all of the Company's accounts receivables, 73.61 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, 2015**

#### ***Total Accounts Receivable***

#### **Related Companies**

Current	4.96	58.33%
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Not Over		0.05%
- Not over 3 months	3.54	41.62%
- Over 3 - 6 months	0.00	
- Over 7 - 12 months	0.00	0.00%
- Over 12 months	<u>0.00</u>	<u>0.00%</u>
<b>Total</b>	<b><u>8.503</u></b>	<b><u>100.00%</u></b>
<b>Other companies -Net</b>		
Current	139.26	73.61%
Not Over		
- Not over 3 months	46.88	24.78%
- Over 3 - 6 months	2.01	1.06%
- Over 7 - 12 months	1.21	0.64%
- Over 12 months	2.36	1.25%
<b>Total</b>	<b><u>191.73</u></b>	<b><u>101.34%</u></b>
<i>Less Allowance for doubtful accounts</i>	<u>-2.54</u>	<u>-1.34%</u>
<b>Net – Accounts Receivable</b>	<b><u>189.19</u></b>	<b><u>100.00%</u></b>

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

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

As of December 31, 2015, the Company sold, with a discount, its accounts receivables of approximately 63.90 million baht to two financial institutions under credit facilities of 115.00 million baht. As of December 31, 2015, the financial institutions that provided the Company with factoring credit facilities had a right to have recourse to an approximate amount of 50.80 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, 2013, 2014 and 2015, the Company's net inventories were valued at 288.55 million baht, 419.99 million baht, and 578.63 million baht, which represented 26.43 percent, 33.91 percent, and 38.42 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. 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 2015, most of the Company's inventories are goods during production, which accounted for 58.96 percent of the net inventory value or representing to 341.16 million baht increased from the last year 217.13 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 29.58 percent representing to 171.15 million baht increased from the last year 157.06 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 2013, 2014 and 2015, the Company's average sales period equaled 53.48 days, 60.86 days, 60.18 days, respectively. The approximate period for stocking finished goods before they were

sold was two months. Overall, the Company's average sales period since 2013 has risen steadily, as a result of its continually increased finished goods in stock, from 142.93 million baht as of December 31, 2013 to 171.15 million baht as of December 31, 2015. 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 2015, the Company's sales revenue from modern trades grew by one more customer Do Home, so it needed to manufacture more goods waiting for delivery to the customers. In addition, at the end of 2015, the Company accelerated producing goods to deliver to customers in foreign countries in early 2016. The consequence was a higher value of goods during production, as of December 31, 2015.

With regard to policies relating to inventories, the Company has a policy towards the allowance for obsolete inventories. Its policy towards the allowance for obsolete inventories and also slow-moving goods takes into account the age (over three years), conditions and past experience of the goods. The allowance for obsolete inventories and slow-moving goods is approximately five percent of the value of goods to be received. If the goods have stayed over four years, its allowance is 50 percent of the value of goods to be received. For the past years, the Company has focused on the implementation of a policy to continually check and track the movement of inventories. The Company has solved the problem with slow-moving goods or inventories by providing sale promotion programs to release them. As of December 31, 2014, the Company's allowance for obsolete inventories and slow-moving goods was 7.40 million baht, compared with 2014, when the allowance was 12.76 million baht. This conformed to practices on the conservative basis.

#### Non – Current Assets

As of December 31, 2013, 2014 and 2015, the value of the Company's non-current assets equated to 611.59 million baht, 607.20 million baht, and 644.24 million baht, respectively, which are outlined as follows:

- In 2015, there was investment in associate accounted for using the equity method 60.90 million baht which represented 4.04 percent from the subsidiary such as ECF Holdings Company Limited, which this company has invested in associate ECF Tornado Energy GK with cost of investment value 57.1 million baht (219,053 thousand yen). That company has registered to be company limited under Japanese law in order to operate solar power plant at capacity 1.5 MW at Himeji Prefecture, Hyogo, Japan. The associate has just started the commercial operation date since the end of 2015.

Besides, in separate financial statement of 2015 was shown investment in associate accounted for using the cost method 1.51 million baht consisted of cost of investment in VV Décor Company 1.00 million baht and ECFH Holdings Company Limited (ECFH) 0.51 million baht. On February 23, 2015, the Company has registered the second subsidiary ECFH by

objectives to be holding company and operate retail business about imported products from Japan. ECFH had registered capital 1.00 million baht divided into ordinary shares 10,000 shares at a par value of 100 baht, which the Company held 51 percent and the rest was held by 3 other persons. Later on the Meeting of Board of Directors on November 11, 2015 resolved to approve increase the registered capital to be 10.00 million baht. The Company finished increasing share holding proportion from 51% to 75% on January 28, 2016.

- As of December 31, 2013, 2014 and 2015, the Company's net value of land, buildings and equipment equalled 388.50 million baht, 373.00 million baht, and 360.46 million baht, which accounted for 35.58 percent, 30.11 percent, and 23.93 percent of its total assets, respectively.

In 2015, the Company's major investment was made in machinery for the manufacturing process, which was 15.60 million baht, vehicles for business 7.00 million baht, as well as office renovation 2.72 million baht. There was no any other investment in buildings.

- As of December 31, 2013, 2014 and 2015, the Company's net appraisal surplus totaled 206.49 million baht, 183.58 million baht, and 160.88 million baht, which represented 18.91 percent, 14.82 percent, and 10.68 percent of its total assets, respectively.

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

#### Total Assets

As of December 31, 2013, 2014 and 2015, the Company's total assets were valued at 1,091.91 million baht, 1,238.67 million baht, and 1,506.20 million baht, respectively.

The continual increase in its total assets from 2013 was a result of the increase in its accounts receivables and inventories from 2013, which grew according to sales growth.

#### Liquidity

The Company's liquidity as of December 31, 2013, 2014 and 2015, equaled 0.71 times, 0.98 times, and 0.94 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, 2013, 2014 and 2015, its current assets were valued at 480.32 million baht, 631.47 million baht, and 861.96 million baht,

respectively. On the contrary, its current liabilities continually increased. As of December 31, 2013, 2014 and 2015 they equaled 673.90 million baht, 644.58 million baht, and 918.11 million baht, respectively. The increase was mainly caused by a significant increase in overdraft and short-term loans from financial institutions, as well as accounts payable. As of December 31, 2013, 2014 and 2015, the Company's total overdraft and short-term loans from financial institutions were valued at 352.63 million baht, 330.98 million baht, and 540.20 million baht, respectively and also accounts payable were valued at 146.08 million baht, 135.18 million baht, and 180.09 million baht, respectively

In terms of the quick liquidity ratio, as of December 31, 2013, 2014 and 2015, it equaled 0.26 times, 0.29 times and 0.28 times, respectively. Overall, the ratio of the Company increased, in the same level over the past three years.

### Liabilities

#### Current Liabilities

As of December 31, 2013, 2014 and 2015, the Company's current liabilities were valued at 673.90 million baht, 644.58 million baht, and 918.11 million baht, respectively. They are outlined as follows:

- As of December 31, 2013, 2014 and 2015, the Company's overdraft and short-term loans from financial institutions were valued at 352.63 million baht, 330.98 million baht, and 540.24 million baht, which accounted for 32.29 percent, 26.72 percent, and 35.87 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 2015 came from the necessity of using working capital for inventories of export and domestic customers and as well as for the running business of the subsidiary.
- As of December 31, 2013, 2014 and 2015, the Company's accounts payables were valued at 146.08 million baht, 135.18 million baht, and 180.09 million baht, which represented 13.38 percent, 10.91 percent, and 11.96 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 2013, 2014, and 2015 equated 62.13 days, 57.06 days, and 57.80 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, 2013, 2014 and 2015 were valued at 50.20 million baht, 66.97 million baht, and 63.41 million baht, respectively. They were part of the remaining long-term loans. The Company's remaining long-term loans equalled 93.77 million baht, 233.77 million baht, and 177.77 million baht, respectively. The trend of long-term loans decreased continuously from payment and negotiation to reconstruct to be more short-term loans.

### Non-current liabilities

As of December 31, 2013, 2014 and 2015, the Company's non-current liabilities totalled 73.17 million baht, 194.97 million baht, and 134.44 million baht, respectively, which are outlined as follows:

- As of December 31, 2013, 2014 and 2015, its net long-terms loans were valued at 43.68 million baht, 166.80 million baht, and 114.36 million baht, which represented 4.00 percent, 13.47 percent, and 7.59 percent of its liabilities and shareholders' equity, respectively. The long-term loans increased again in 2014 because of the Company's restructuring of its credit facilities with a financial institution and more long-term loans it was granted and decrease again in 2015 due to payment and reconstruction to be more short-term loans.

### Total Liabilities

As of December 31, 2013, 2014 and 2015, the Company's total liabilities equalled 747.07 million baht, 839.55 million baht, and 1,052.54 million baht, respectively.

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

### Shareholders' Equity

As of December 31, 2013, 2014 and 2015, the Company's shareholders' equity totalled 344.84 million baht, 399.12 million baht, and 453.66 million baht, respectively, which are outlined as follows:

- With respect to issued and paid-up registered capital, as of December 31, 2013, 2014 and 2015, the Company's registered capital equaled 130.00 million baht (from registered capital of 130.00 million baht), 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), respectively. As of December 31, 2015, the Company's issued and paid-up registered capital was valued at 137.55 million baht – 550,190,600 ordinary shares with a par value of 0.25 baht per share. Based on the Company's consolidated and separate financial statements, the issued and paid-up registered capital accounted for 9.13 percent of the liabilities and shareholders' equity. The registration of the new 260.00 ordinary shares aimed to approve the exercise of rights based on the warrants issued to existing shareholders. The rest of registered capital will reserve for exercising ECF-W1. On November 30, 2015 there were warrants exercised 30,190,600 units and accounted for 30,190,600 ordinary shares. The proceed from this exercise totaling 15,095,300 baht (consists of paid-up capital totaling 7,547,650 baht and premium on shares 7,547,650 baht). The Company has registered the paid-up capital with the Ministry of Commerce on December 9, 2015. Now there are warrants not been used for exercising totaling 229,677,846 units.

- The Company's share premium as of December 31, 2013, 2014 and 2015, was valued at 105.48 million baht, 105.48 million baht and 113.03 million baht respectively, which 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, which was the net amount of the expense for ordinary share offering of approximately 8.6 million baht. In 2015, premium on shares came from the result of exercising warrants totaling 7.55 million baht.
- The Company's unappropriated retained earnings as of December 31, 2013, 2014 and 2015 equaled 117.36 million baht, 187.96 million baht, and 245.81 million baht, respectively. As of December 31, 2015, the Company's unappropriated retained earnings represented 16.32 percent of its liabilities and shareholders' equity. The unappropriated retained earnings as of December 31, 2015 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 equal to 109.32 million baht, but those that could be paid as dividends were valued at 136.50 million baht. The Board of Directors resolved to propose the Annual General Meeting of Shareholders for the year 2016 to consider dividends payment at 0.0586 baht per share from the operation result of 2015, totaling 32.24 million baht, which could be divided into 0.0153 Baht per share derived from tax exemption profit portion according to Board of Investment (BOI) privilege; and 0.0433 Baht per share derived from dividend or profit which subject to 20% income tax rate. The payment will be made on May 4, 2016.

#### Cash flows for the fiscal year, which ended on December 31, 2015

##### Net cash from (used in) operating activities

The Company had significant factors result in net cash flow from operation activities from increase of accounts payable 44.91 million, and inventories 153.33 million baht, comparing to the last year. These major transaction resulted in the Company having cash flows from its operations with a value of 12.16 million baht, compared to the year 2014, when cash flows from its operations equaled 19.93 million baht.

##### Net cash from (used in) investment activities

The Company's cash involved in investment activities equaled minus 83.71 million baht. The major transaction in 2015 was investing in associate an additional 57.08 million baht and paying cash of 27.02 million baht to purchase land, buildings and equipments.

##### Net cash from (used in) financing activities

The Company's net cash used in financing activities equated to 100.62 million baht. The major transaction was cash of 209.21 million baht from the overdraft and short-term loans from financial institutions.

As of December 31, 2015 the Company's cash and cash equivalents equaled 61.10 million baht.

For the year 2015 average inventory period ratio was 60.18 days, average collection period ratio was 48.28 days, and average repayment period ratio was 57.80. As the result, the Company's cash cycle was 50.66 days, which coincided when comparing to 2014.

#### Expensed 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**

	<b>Million Baht</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Expenses for investment in fix assets	38.81	25.40	25.71



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

In 2015, the company operate the main business which is the manufacture of furniture made from particle board and rubber wood. Although in 2015, 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, based on the forecast of factors or events that may affect the financial position or operations of the company, the company established our subsidiary named ECF Holdings Co., Ltd. in 2015 and start operating a shop selling product at one price (60 baht) in the same concept as 100-yen shop in Japan, and renewable energy producer by making a joint venture to construct a solar energy plant with maximum capacity of 1.5 MW in Himeji city Hyogo, Japan. We have gained a significant income from the beginning of 2016. In conclusion, we gain more revenue from retail stores and renewable energy business.

In addition, ECF Holdings Co., Ltd., as a subsidiary, shall invest in biomass power plant in a joint venture of 4 companies. Currently the new company is registered and awaiting a bid and an approval to be an electricity vendor. We expect to have a power purchase agreement (PPA) with Provincial Electricity Authority (PEA) or Electricity Generation Authority of Thailand (EGAT), depending on the case. The bid shall be according to announcement of Office of Energy Regulatory Commission (ERC) on the subject of the purchase of electricity from the renewable energy. The company is now awaiting the policy from government about the time to tender a bid.

Regarding solar rooftop, the company is preparing to tender the bid for selling the electricity. The purchase of electricity from solar energy on rooftop according to announcement of Office of Energy Regulatory Commission (ERC). The company is now awaiting the policy from government about the time to tender a bid. The Board of Directors has a resolution to establish 5 subsidiaries and wait for the government announcement on the subject of the bid. However, the company must register these subsidiaries before tendering a bid. Firstly we aim at operating a plant with maximum capacity of 10 MW. We expect to produce electricity with maximum capacity of 30 MW.

**Financial Statements and Notes to Financial Statements**

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

**Financial Statements**

**For the Year Ended December 31, 2015**

**and Report of Certified Public Accountant**

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

***Certified Public Accountants***

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

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## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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

I have audited the accompanying consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2015, 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 a summary of significant accounting policies and other explanatory notes. I have also audited the accompanying separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2015, 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 a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated and Separate Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2015, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Other Matter**

The comparative consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries and the comparative separate financial statements of East Coast Furnitech Public Company Limited for the year ended December 31, 2014 were audited by another auditor in my office whose report dated February 27, 2015 expressed an unmodified opinion on those statements.



(Mr. Pisit Chiwaruangroch)  
Certified Public Accountant  
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 23, 2016

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015 AND 2014**

**ASSETS**

	Note	In Baht			
		Consolidated		Separate Financial Statement	
		2015	2014	2015	2014
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		61,097,222	32,021,511	59,149,251	31,403,417
Trade receivables					
- Related parties	4, 5	8,502,735	8,633,826	14,553,249	12,282,843
- Other parties - net	5	189,187,055	146,864,858	184,504,259	144,199,756
Inventories - net	6	578,629,895	419,986,222	572,265,547	419,986,222
Short-term loans to and interest receivable from related party	4	-	-	5,126,154	-
Other current assets - net					
- Other receivables (net of allowance for doubtful accounts of Baht 34,593 in 2015)		8,202,241	6,790,515	8,202,241	6,790,515
- Value-added tax receivable		5,467,283	8,464,267	5,185,318	8,464,267
- Prepaid expenses		5,376,320	4,091,242	5,089,192	4,091,242
- Others		5,501,403	4,617,938	4,438,499	4,608,438
<b>Total Current Assets</b>		<b>861,964,154</b>	<b>631,470,379</b>	<b>858,513,710</b>	<b>631,826,700</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits at bank	7	30,601,433	30,000,000	30,601,433	30,000,000
Investment in subsidiaries accounted for using the cost method	8	-	-	1,509,500	999,500
Investment in associate accounted for using the equity method	9	60,895,585	-	-	-
Investment in held-to-maturity debt securities	10	2,000,000	2,000,000	2,000,000	2,000,000
Property, plant and equipment - net	11, 13, 16, 17	360,463,110	372,996,599	359,316,124	372,996,599
Asset revaluation surplus - net	11	160,875,586	183,579,331	160,875,586	183,579,331
Intangible assets - net	12	2,953,917	4,418,053	2,953,917	4,418,053
Deferred tax assets	23	2,692,611	3,677,289	2,418,632	3,393,838
Other non-current assets					
- Deposits and guarantees	4	15,922,957	9,084,097	12,854,427	9,084,097
- Others - net	4	7,830,989	1,445,908	4,047,656	1,445,908
<b>Total Non-Current Assets</b>		<b>644,236,188</b>	<b>607,201,277</b>	<b>576,577,275</b>	<b>607,917,326</b>
<b>TOTAL ASSETS</b>		<b>1,506,200,342</b>	<b>1,238,671,656</b>	<b>1,435,090,985</b>	<b>1,239,744,026</b>

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

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015 AND 2014**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	In Baht			
		Consolidated		Separate Financial Statement	
		2015	2014	2015	2014
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	7, 11, 13	540,239,129	330,984,876	480,239,129	330,984,876
Factoring payables	5	50,780,033	41,774,369	50,780,033	41,774,369
Trade payables					
- Related party	4	345,125	-	345,125	-
- Other parties		179,745,724	135,180,017	179,616,126	135,180,017
Other payables - related parties	4	2,040,139	2,104,027	2,071,245	2,104,027
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	11, 17	11,334,193	10,684,460	11,334,193	10,684,460
Current portion of long-term borrowings	11, 16	63,406,926	66,965,775	63,406,926	66,965,775
Income tax payable		7,652,466	8,723,417	7,652,466	8,723,417
Accrued expenses and other current liabilities	14	51,976,662	48,162,706	45,125,061	48,077,640
<b>Total Current Liabilities</b>		<b>918,105,576</b>	<b>644,579,647</b>	<b>840,570,304</b>	<b>644,494,581</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under hire purchase and finance lease agreements - net	11, 17	11,197,520	17,814,978	11,197,520	17,814,978
Deferred gain on sales and leaseback	11, 17	130,450	215,076	130,450	215,076
Long-term borrowings - net	11, 16	114,361,718	166,799,838	114,361,718	166,799,838
Liability for post-employment benefits	15	3,379,936	3,280,931	3,379,936	3,280,931
Deferred tax liabilities	23	5,365,870	6,861,674	5,365,870	6,861,674
<b>Total Non-Current Liabilities</b>		<b>134,435,494</b>	<b>194,972,497</b>	<b>134,435,494</b>	<b>194,972,497</b>
<b>Total Liabilities</b>		<b>1,052,541,070</b>	<b>839,552,144</b>	<b>975,005,798</b>	<b>839,467,078</b>

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015 AND 2014**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		In Baht			
		Consolidated		Separate Financial Statement	
		2015	2014	2015	2014
<b>SHAREHOLDERS' EQUITY</b>					
Authorized share capital - 780,000,000					
common shares, Baht 0.25 par value	18	195,000,000	195,000,000	195,000,000	195,000,000
Issued and paid-up share capital - 550,190,600					
common shares in 2015 and 520,000,000					
common shares in 2014, Baht 0.25 par value	18, 19	137,547,650	130,000,000	137,547,650	130,000,000
Premium on shares	18, 19	113,030,532	105,482,882	113,030,532	105,482,882
Retained earnings					
- Appropriated for legal reserve	20, 21	19,500,000	16,600,000	19,500,000	16,600,000
- Unappropriated		245,814,832	187,960,767	252,139,083	189,118,203
Total		515,893,014	440,043,649	522,217,265	441,201,085
Other components of equity	11, 23	(59,755,014)	(40,924,137)	(62,132,078)	(40,924,137)
<b>Equity attributable to Owners of the Parent</b>		456,138,000	399,119,512	460,085,187	400,276,948
Non-controlling interests		(2,478,728)	-	-	-
<b>Total Shareholders' Equity</b>		453,659,272	399,119,512	460,085,187	400,276,948
<b>TOTAL LIABILITIES AND</b>					
<b>SHAREHOLDERS' EQUITY</b>					
		1,506,200,342	1,238,671,656	1,435,090,985	1,239,744,026

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, 2015 AND 2014**

	Note	In Baht			
		Consolidated		Separate Financial Statement	
		2015	2014	2015	2014
<b>REVENUES</b>					
Net sales	4, 25	1,334,097,280	1,209,049,210	1,333,279,394	1,208,710,368
Other income					
- Unrealized gain on valuation of fair value of derivatives		3,291,507	9,091,562	3,291,507	9,091,562
- Gain (Loss) on exchange rate		2,222,076	(7,356,295)	2,150,326	(7,356,295)
- Others	4, 17	18,689,865	17,181,046	19,863,420	17,179,747
<b>Total Revenues</b>		<b>1,358,300,728</b>	<b>1,227,965,523</b>	<b>1,358,584,647</b>	<b>1,227,625,382</b>
<b>EXPENSES</b>					
Cost of sales	4	981,740,667	887,250,755	981,872,575	887,250,755
Selling expenses	4	134,167,351	108,701,771	132,727,830	108,586,549
Administrative expenses	4, 12	118,652,899	118,214,583	112,867,064	116,601,663
Finance costs	17	38,734,778	30,948,156	36,547,191	30,948,156
<b>Total Expenses</b>	22	<b>1,273,295,695</b>	<b>1,145,115,265</b>	<b>1,264,014,660</b>	<b>1,143,387,123</b>
<b>Share of loss from investment in associate</b>		<b>844,962</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>84,160,071</b>	<b>82,850,258</b>	<b>94,569,987</b>	<b>84,238,259</b>
<b>Income Tax Expense</b>	23, 24	<b>13,986,530</b>	<b>12,971,360</b>	<b>13,977,058</b>	<b>13,254,811</b>
<b>PROFIT FOR THE YEAR</b>		<b>70,173,541</b>	<b>69,878,898</b>	<b>80,592,929</b>	<b>70,983,448</b>

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

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

**STATEMENTS OF COMPREHENSIVE INCOME (Continued)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

		Baht			
		Consolidated		Separate Financial Statement	
Note		2015	2014	2015	2014
<b>Other Comprehensive Income</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
	- Share of other comprehensive income from associate	4,660,909	-	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>					
		4,660,909	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>					
		74,834,450	69,878,898	80,592,929	70,983,448
<b>Profit (Loss) Attributable to:</b>					
	Owners of the parent	75,426,114	69,878,898	80,592,929	70,983,448
	Non-controlling interests	(5,252,573)	-	-	-
<b>Profit for the Year</b>					
		70,173,541	69,878,898	80,592,929	70,983,448
<b>Total Comprehensive Income (Loss) Attributable to:</b>					
	Owners of the parent	77,803,178	69,878,898	80,592,929	70,983,448
	Non-controlling interests	(2,968,728)	-	-	-
<b>Total Comprehensive Income for the Year</b>					
		74,834,450	69,878,898	80,592,929	70,983,448
	<b>Basic Earnings per Share (Baht)</b>	19	0.144	0.134	0.154
	<b>Diluted Earnings per share (Baht)</b>	19	0.138	0.114	0.147
			0.137	0.115	

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, 2015 AND 2014

	In Baht												
	Consolidated												
	Note	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings		Revaluation Surplus on Property - Net	Surplus on Business Combination under Common Control			Share of Other Comprehensive Income from Associate	Total Other Components of Equity	Equity	
				Appropriated for Legal Reserve	Unappropriated		Surplus on Business Combination under Common Control	Share of Other Comprehensive Income from Associate	Owners of the Parent			Non-Controlling Interest	Total Shareholders' Equity
<b>Beginning balance as at January 1, 2014</b>		130,000,000	105,482,882	11,500,000	117,364,720	198,134,086	(217,641,795)	-	(19,507,709)	344,839,893	-	344,839,893	
Appropriation for legal reserve	21	-	-	5,100,000	(5,100,000)	-	-	-	-	-	-	-	
Payment of dividends	21	-	-	-	(15,599,279)	-	-	-	-	(15,599,279)	-	(15,599,279)	
Transfer to retained earnings		-	-	-	21,416,428	(21,416,428)	-	-	(21,416,428)	-	-	-	
Total comprehensive income for the year		-	-	-	69,878,898	-	-	-	-	69,878,898	-	69,878,898	
<b>Ending balance as at December 31, 2014</b>		130,000,000	105,482,882	16,600,000	187,960,767	176,717,658	(217,641,795)	-	(40,924,137)	399,119,512	490,000	399,119,512	
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	490,000	490,000	
Appropriation for legal reserve	21	-	-	2,900,000	(2,900,000)	-	-	-	-	-	-	-	
Payment of dividends	21	-	-	-	(35,879,990)	-	-	-	-	(35,879,990)	-	(35,879,990)	
Proceeds from increase in share capital	18, 19	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)	-	-	-	
Total comprehensive income for the year		-	-	-	75,426,114	-	-	2,377,064	2,377,064	77,803,178	(2,968,728)	74,834,450	
<b>Ending balance as at December 31, 2015</b>		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	

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, 2015 AND 2014**

		In Baht										
		Separate Financial Statement										
		Retained Earnings					Other Components of Equity					
		Appropriated		Unappropriated			Revaluation		Surplus on		Total Other	Total
		Paid-up	Share	Premium	on Shares	Reserve	for Legal	Property - Net	Surplus on	Combination under	Components of	Shareholders'
		Share	Capital	on Shares	Reserve	for Legal	Unappropriated	Property - Net	Surplus on	Combination under	Components of	Shareholders'
		Capital	Reserve	Unappropriated	Total	Property - Net	Surplus on	Combination under	Common Control	Equity	Equity	Equity
		Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
		Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
	<b>Beginning balance as at January 1, 2014</b>	130,000,000	105,482,882	117,417,606	364,400,488	198,134,086	(217,641,795)	(19,507,709)	344,892,779			
	Appropriation for legal reserve	21	-	(5,100,000)	-	-	-	-	-	-	-	-
	Payment of dividends	21	-	(15,599,279)	(15,599,279)	-	-	-	(15,599,279)	-	-	(15,599,279)
	Transfer to retained earnings		-	21,416,428	21,416,428	(21,416,428)	-	(21,416,428)	-	-	(21,416,428)	-
	Total comprehensive income for the year		-	70,983,448	70,983,448	-	-	-	70,983,448	-	-	70,983,448
	<b>Ending balance as at December 31, 2014</b>	130,000,000	105,482,882	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)	-	-	-	-	-	-	-	-
	Payment of dividends	21	-	(35,879,990)	(35,879,990)	-	-	-	(35,879,990)	-	-	(35,879,990)
	Proceeds from increase in share capital	18, 19	7,547,650	-	15,095,300	-	-	-	15,095,300	-	-	15,095,300
	Transfer to retained earnings		-	21,207,941	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	-	-	80,592,929
	<b>Ending balance as at December 31, 2015</b>	137,547,650	113,030,532	252,139,083	522,217,265	155,509,717	(217,641,795)	(62,132,078)	460,085,187			

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, 2015 AND 2014**

	In Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expense	84,160,071	82,850,258	94,569,987	84,238,259
Adjustments				
Depreciation and amortization	69,450,128	69,065,321	69,381,893	69,065,321
Increase in allowance for doubtful accounts	443,455	2,129,534	490,811	712,281
Expenses on post-employment benefits	99,005	313,514	99,005	313,514
Decrease (increase) in allowance for diminution in value of inventories	(5,381,226)	8,739,663	(5,381,226)	8,739,663
Share of loss from investment in associate	844,962	-	-	-
Unrealized gain on valuation of fair value of derivatives	(3,291,508)	(9,091,562)	(3,291,508)	(9,091,562)
Unrealized loss (gain) on exchange rate	687	(60,689)	687	(60,689)
Gain on sales of machinery and equipment	(62,749)	(241,375)	(62,749)	(241,375)
Interest income	(1,576,515)	(271,257)	(2,794,914)	(271,257)
Intetest expense	38,734,778	30,948,156	36,547,191	30,948,156
Decrease (increase) in operating assets				
Trade receivables	(42,548,774)	10,868,441	(42,979,933)	10,565,270
Inventories	(153,330,210)	(140,178,783)	(146,965,862)	(140,178,783)
Other current assets	880,608	(4,559,005)	2,247,333	(4,560,182)
Other non-current assets	(13,956,948)	(2,032,324)	(7,038,418)	(2,032,324)
Increase (decrease) in operating liabilities				
Trade payables	44,908,892	(10,897,121)	44,779,294	(10,897,121)
Other payables - related parties	(63,888)	720,050	(32,782)	720,050
Accrued expenses and other current liabilities	8,422,041	(6,633,005)	1,655,507	(6,678,479)
	<u>27,732,809</u>	<u>31,669,816</u>	<u>41,224,316</u>	<u>31,290,742</u>
Income tax paid	(15,568,607)	(11,740,455)	(15,568,607)	(11,740,455)
<b>Net Cash Provided by Operating Activities</b>	<u>12,164,202</u>	<u>19,929,361</u>	<u>25,655,709</u>	<u>19,550,287</u>

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	In Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in restricted deposits at bank	(601,433)	(30,000,000)	(601,433)	(30,000,000)
Increase in short-term loans to related party	-	-	(60,000,000)	-
Collections on short-term loans to related party	-	-	56,092,245	-
Increase in investment in subsidiaries	-	-	(510,000)	-
Increase in investment in associate	(57,079,638)	-	-	-
Increase in property, plant and equipment	(27,018,551)	(28,075,186)	(25,869,997)	(28,075,186)
Increase in intangible assets	(12,981)	(1,898,559)	(12,981)	(1,898,559)
Proceeds from sales of machinery and equipment	2,243	1,701,701	2,243	1,701,701
Interest received	999,016	271,257	999,016	271,257
<b>Net Cash Used in Investing Activities</b>	<b>(83,711,344)</b>	<b>(58,000,787)</b>	<b>(29,900,907)</b>	<b>(58,000,787)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	209,208,510	(21,679,032)	149,208,510	(21,679,032)
Increase (decrease) in factoring payables	9,005,664	(1,315,505)	9,005,664	(1,315,505)
Decrease in liabilities under hire purchase and finance lease agreements	(10,767,703)	(12,700,607)	(10,767,703)	(12,700,607)
Increase in short-term loans from related person	10,500,000	-	-	-
Increase in long-term borrowings	4,100,000	269,900,000	4,100,000	269,900,000
Repayments of long-term borrowings	(60,096,969)	(130,014,073)	(60,096,969)	(130,014,073)
Increase in non-controlling interests	490,000	-	-	-
Proceeds from sales of machinery and equipment under sales and leaseback agreements	15,095,300	-	15,095,300	-
Dividends paid	(35,879,990)	(15,599,279)	(35,879,990)	(15,599,279)
Interest paid	(41,031,959)	(31,685,959)	(38,673,780)	(31,685,959)
<b>Net Cash Provided by Financing Activities</b>	<b>100,622,853</b>	<b>66,620,545</b>	<b>31,991,032</b>	<b>66,620,545</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
<b>CASH AND CASH EQUIVALENTS</b>	<b>29,075,711</b>	<b>28,549,119</b>	<b>27,745,834</b>	<b>28,170,045</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>32,021,511</b>	<b>3,472,392</b>	<b>31,403,417</b>	<b>3,233,372</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	<b>61,097,222</b>	<b>32,021,511</b>	<b>59,149,251</b>	<b>31,403,417</b>

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

**STATEMENTS OF CASH FLOWS (Continued)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	In Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>Supplementary disclosures of cash flow information:</b>				
<b>a. Cash and cash equivalents at end of year</b>				
Cash in hand	547,195	685,932	378,015	438,877
Current accounts at banks	16,100,237	3,186,598	14,321,446	2,815,559
Savings deposits at banks	44,449,790	28,148,981	44,449,790	28,148,981
Total	<u>61,097,222</u>	<u>32,021,511</u>	<u>59,149,251</u>	<u>31,403,417</u>
<b>b. Non-cash transactions</b>				
Purchases of vehicles and machinery and equipment by means of hire purchase and finance lease agreements	4,799,978	11,543,104	4,799,978	11,543,104
Gain on sales and leaseback of machinery and equipment	-	173,022	-	173,022

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

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**1. GENERAL**

East Coast Furnitech Public Company Limited (“the Company”), formerly East Coast Furnitech Co., Ltd., was registered as a limited company in Thailand on October 12, 1999. The Company was transformed from being juristic person as a limited company under the Civil and Commercial Code to a limited public company under the Public Limited Companies Act B.E. 2535 on October 18, 2012 and was registered in the Market for Alternative Investment on March 26, 2013 (see Note 17). The Company is engaged in manufacturing and sales of self-assembled furniture made from particle board, rubber wood furniture, dried sawn lumbers, laminating papers, and furniture-decorating supplies for domestic and international markets.

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

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 8).

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

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand. The accompanying financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

The consolidated financial statements for the years ended December 31, 2015 and 2014 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	
			2015	2014
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	51.00	-



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

Starting from January 1, 2015, the Company and its subsidiaries have adopted the newly released and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC) and Thai Financial Reporting Interpretation (TFRIC) which have been effective from the accounting period starting on or after January 1, 2015. The aforesaid adoption of new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Company and its subsidiaries

Nevertheless, significant changes are as follows:

*TAS 1 (revised 2014) "Presentation of Financial Statements"*

This revised standard requires the additional grouping of items under other comprehensive income in the statement of comprehensive income into (1) items that will be reclassified subsequently to profit or loss and (2) items that will not be reclassified subsequently to profit or loss.

*TAS 19 (revised 2014) "Employees Benefits"*

This revised standard changed the requirement that actuarial gain or loss on measurement of liability for post-employment benefits shall be recognized as other comprehensive income or loss in the statement of comprehensive income whereby the Company and its subsidiaries previously recognized as profit or loss in the statement of comprehensive income (see Note 15).

*TFRS 13 "Fair Value Measurement"*

This new standard applies when other relevant TAS and TFRS require or permit fair value measurement and/or disclosures of information relating to fair value measurement and fair values. Detail of the fair value measurement of the Company and its subsidiaries are discussed in Note 26.

In addition, FAP has issued several Notifications which were announced in the Royal Gazette during 2015 regarding the revision and issuance of new TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2016 whereby the Company and its subsidiaries have not yet adopted in the preparation of the accompanying financial statements and have no policy to early adopt before the effective period, which are as follows:

Conceptual Framework for Financial Reporting (revised 2015)	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events after the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

The Company and its subsidiaries disclosed information for the year ended December 31, 2014 for being the comparative information in the financial statements for the year ended December 31, 2015 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.

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

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies 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 the parent's ownership interest in subsidiary that do not result in the parent's loss of control are accounted for within equity. When the parent loses control of subsidiary, any gain or loss is recognized in the statement of comprehensive income. Any investment retained in the former subsidiary is measured at its fair value at the date when the control is lost.

#### **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).

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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 subject foreign currency investment is disposed.

**Investment in Associate**

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.

**Use of Estimates**

In order to prepare financial statements in conformity with the accounting standard and the financial reporting standards in Thailand, 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 the accompanying financial statements which may be affected by uncertainty are as follows:

- Allowance for doubtful accounts of trade receivables and other receivables
- 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 and tax rates that deferred tax assets will be realized or deferred tax liabilities will be settled
- Fair values 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.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

**Trade Receivables, Other Receivables, and Allowance for Doubtful Accounts**

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

The Company and its subsidiaries provide an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on the historical collection experience coupled with the review of current status of the existing receivables.

**Inventories**

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

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

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

The Company and its subsidiaries determine the allowance for diminution in value of obsolete and slow-moving inventories based on the consideration of the inventory condition and the historical experiences.

**Investment in Held-to-Maturity Debt Securities**

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

**Property, Plant and Equipment**

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

Buildings and machinery are stated at the revalued amounts (by independent appraisers) net of accumulated depreciation and allowance for impairment (if any). The revaluation surplus in buildings and machinery is shown as “Asset revaluation surplus” with the corresponding separate accounts under “Shareholders’ Equity” in the statement of financial position. When these assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income whereby the corresponding revaluation surplus in assets is directly transferred to retained earnings.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

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

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

**Intangible Assets**

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 3 years.

**Decoration Costs of Showrooms**

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

**Impairment of Assets**

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

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

**Trade and Other Payables**

Trade and other payables are stated at cost.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

**Operating Lease**

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

**Employee Benefits**

*Short-term benefits*

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

*Post-employment benefits*

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

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

**Surplus on Business Combination under Common Control**

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

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

**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.

**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 their quoted market price at the statement of financial position date, which is the Level 1 inputs of the fair value hierarchy (see Note 26), whereby such price is the present value of the quoted derivative price.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**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 expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (see Notes 23 and 24).

**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.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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 goods imported from Japan	Subsidiary
ECF Tornado Energy Godo Kaisha (GK) (incorporated and operated in Japan)	Manufacturing & sales of electricity generated from the solar power	Associate
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
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 Monteee Socratianurak	-	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
Showroom rental and service charges	Mutually agreed price
Decoration costs of showrooms	Mutually agreed price
Key management's remunerations	Mutually agreed amount

Significant transactions with related parties for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>Sales of products</b>				
Subsidiary	-	-	13,809	9,138
Related companies	28,719	30,308	28,719	30,308
<b>Total</b>	<b>28,719</b>	<b>30,308</b>	<b>42,528</b>	<b>39,446</b>
<b>Interest income</b>				
Subsidiary	-	-	1,218	-
<b>Space rental income</b>				
Subsidiary	-	-	7	-
<b>Purchase of raw materials</b>				
Related company	1,611	1,082	1,611	1,082

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>Showroom rental and service charges</b>				
Related company	17,946	13,440	17,946	13,440
<b>Decoration costs of showrooms (recorded as other non-current assets)</b>				
Related company	2,051	905	2,051	905
<b>Interest expense</b>				
Director	85	-	-	-
<b>Key management's remunerations</b>				
Short-term benefits	22,874	18,940	22,874	18,940
Post-employment benefits	38	220	38	220
<b>Total</b>	<b>22,912</b>	<b>19,160</b>	<b>22,912</b>	<b>19,160</b>

Significant outstanding balances with related parties as at December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<b>Trade receivables</b>				
Subsidiary	-	-	6,050	3,649
Related companies	8,503	8,634	8,503	8,634
<b>Total</b>	<b>8,503</b>	<b>8,634</b>	<b>14,553</b>	<b>12,283</b>
<b>Short-term loans and interest receivable</b>				
<b>Interest receivable</b>				
Subsidiary	-	-	1,218	-
<b>Short-term loans</b>				
Subsidiary (Interest rate at 6.3% p.a.)	-	-	3,908	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,126</b>	<b>-</b>
<b>Deposits / guarantees on rental and services for showrooms</b>				
Related company	4,250	2,985	4,250	2,985
<b>Trade payables</b>				
Related company	345	-	345	-
<b>Other payables</b>				
Related companies	2,040	2,104	2,071	2,104
<b>Short-term loans and interest payable</b>				
<b>Interest payable</b>				
Related person	85	-	-	-
<b>Short-term loans</b>				
Related person Interest rate at 6.3% p.a.)	10,500	-	-	-
<b>Total</b>	<b>10,585</b>	<b>-</b>	<b>-</b>	<b>-</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

Movements of short-term loan receivable and payable during the year are as follows

	Separate Financial Statement (In Thousand Baht)			December 31, 2015
	December 31, 2014	Increase	Decrease	
<b>Short-term loans to subsidiary</b>				
ECF Holdings Co., Ltd.	-	60,000	56,092	3,908
<b>Short-term loans from related person</b>				
Director	-	10,500	-	10,500

**5. TRADE RECEIVABLES**

As at December 31, 2015 and 2014, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<i>Related companies</i>				
Current	4,960	5,525	10,650	7,429
Not over 3 months	3,539	3,109	3,899	4,854
Over 3 months - 6 months	4	-	4	-
Total	8,503	8,634	14,553	12,283

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<i>Other companies - net</i>				
Current	139,259	111,511	136,991	110,399
Not Between 3 months	46,882	33,248	45,059	32,507
Between 3 months - 6 months	2,008	1,962	1,456	1,611
Between 7 months - 12 months	1,214	1,836	998	230
Between 12 months	2,362	437	1,168	165
Total	191,725	148,994	185,672	144,912
Less Allowance for doubtful accounts	( 2,538)	( 2,129)	( 1,168)	( 712)
Net	189,187	146,865	184,504	144,200

As at December 31, 2015 and 2014, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 63.9 million and Baht 59.2 million, respectively, with two local financial institutions (under credit facilities totalling Baht 115 million) whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 50.8 million and Baht 41.8 million, respectively. The Company presented such amounts of obligation under the recourse action as "Factoring payables" in the statements of financial position.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**6. INVENTORIES - NET**

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Finished goods	171,148	157,061	164,784	157,061
Work-in-process	341,156	217,130	341,156	217,130
Raw materials	35,104	27,213	35,104	27,213
Factory supplies	28,664	31,342	28,664	31,342
Inventories in transit	9,937	-	9,937	-
Total	586,009	432,746	579,645	432,746
Less Allowance for diminution in value	( 7,379)	( 12,760)	( 7,379)	( 12,760)
Net	578,630	419,986	572,266	419,986

As at December 31, 2015 and 2014, the carrying amount (before deducting the allowance for diminution in value of obsolete and slow-moving items) of inventories carried at net realizable value amounting to approximately Baht 48.0 million and Baht 39.5 million, respectively. The written-down amount of cost to net realizable value which was recognized as expense in the statements of comprehensive income for the years ended December 31, 2015 and 2014 amounting to approximately Baht 9.7 million and Baht 9.6 million, respectively.

**7. RESTRICTED DEPOSITS AT BANK**

As at December 31, 2015 and 2014, the Company has collateralized its fixed deposits with a local bank amounting to approximately Baht 30 million as guarantees for its packing credit facilities with such bank.

**8. 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)	
	2015	2014	2015	2014	2015	2014
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000
ECF Holdings Co., Ltd.	1,000	-	51.00	-	510	-
Total					1,510	1,000

During 2015 and 2014, the subsidiaries did not declare any dividends to the shareholders.

On February 23, 2015, the Company established a new (the 2<sup>nd</sup>) subsidiary, i.e. ECF Holdings Co., Ltd., to engage as a holding company and in retail shops for sundry goods imported from Japan with an authorized share capital of Baht 1 million (divided in to 10,000 common shares, Baht 100 par value). The Company has percentage of shareholding in such company of 51% whereby the remaining shares are held by 3 outside-group individuals. However, at the Board of Directors' meeting on November 11, 2015, the Board of Directors approved the plan for 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 will be the change in the Company's percentage of shareholding in such subsidiary from 51% to 75%. Such subsidiary executed and registered this increase in share capital with the Ministry of Commerce on January 28, 2016.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**9. INVESTMENT IN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD**

Investment in associate presented in the consolidated statement of financial position as at December 31, 2015 has detail as follows:

	Percentage of Shareholding by Subsidiary	Authorized and Paid-up Share Capital (In Thousand Baht)	In Thousand Baht		Dividend Income
			Carrying Amount of Investment		
			Cost Method	Equity Method	
ECF Tornado Energy GK	51.00	111,948*	57,080	60,896	-

\*JPY 410,007 thousand

Key financial information of such associate as at December 31, 2015 and for the year then ended is as follows:

	In Thousand Baht
Current assets	10,025
Non-current assets	109,775
Current liabilities	340
Shareholders' equity	119,460
Total revenues	426
Loss for the year	( 1,657)
Total comprehensive income for the year	7,482

A subsidiary of the Company, "ECF Holdings Co., Ltd.", has invested in associate, i.e. ECF Tornado Energy GK, with investment cost of approximately Baht 57.1 million (JPY 219,053 thousand) whereby such company was registered as a juristic company under the laws of Japan in order to engage in manufacturing and sales of electricity, with capacity of 1.5 megawatts, generated by solar power at the site located in Himeji City, Hyogo Prefecture, Japan. Such associate started its operations and having revenue from sales of electricity to the agency of Japan government near the end of 2015.

In addition, the Company has entered into a Memorandum of Understanding ("MOU") for business cooperation on biomass power plant projects with three local private companies and entrepreneur groups in sawn timber plant or sawmills ("other shareholders") who are non-related parties. The Company and other shareholders will establish the joint venture companies to carry out biomass power plant projects and participate in the auction to acquire the power purchase agreements from Provincial Electricity Authority ("PEA") or Electricity Generating Authority of Thailand ("EGAT") whereby the entire power plant projects will have total capacity not exceeding 120 megawatts while the projects will locate in several provinces in southern of Thailand. Under this MOU, the other shareholders who are three private companies are responsible for feasibility study of the projects, preparation relating to the power purchase agreements with PEA or EGAT as well as the related licenses, documentation on bidding or tender for construction of projects as well as evaluation and selection of project consultant, including engineering, running, repairing the machinery, and planning for the project finance. Other shareholders who are entrepreneur groups in sawn timber plant or sawmills, locating in each project area, are responsible for procurement of land for construction of projects and procurement of raw material or biomass fuels for the projects whereby these shareholders agreed to sell and procure the raw materials or biomass fuels to the projects under the mutually-agreed term and prices referenced to the market prices. Later on, at the Board of Directors' meeting on November 20, 2015, the Board of Directors passed the resolution to arrange ECF Holdings Co., Ltd. as the investor in the biomass power plant business by being the shareholder of 5 new companies whereby 4 of 5 companies have been established in January 2016 with authorized share capital of Baht 20 million for each company. The percentages of shareholding in such company are 20%, 25% and 33%, which are different in each company.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**10. 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.

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

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2015
	Beginning Balance as at January 1, 2015	Movements During the Year			
		Addition	Deduction	Transfer	
<b>Cost</b>					
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
<b>Total Cost</b>	<b>654,086</b>	<b>32,027</b>	<b>82</b>	<b>-</b>	<b>686,031</b>
<b>Accumulated Depreciation</b>					
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
<b>Total Accumulated Depreciation</b>	<b>281,089</b>	<b>44,537</b>	<b>58</b>	<b>-</b>	<b>325,568</b>
<b>Net</b>	<b>372,997</b>				<b>360,463</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2015
	Beginning Balance as at January 1, 2015	Movements During the Year			
		Addition	Deduction	Transfer	
<b>Cost</b>					
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
<b>Total Cost</b>	<b>654,086</b>	<b>30,878</b>	<b>82</b>	<b>-</b>	<b>684,882</b>
<b>Accumulated Depreciation</b>					
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
<b>Total Accumulated Depreciation</b>	<b>281,089</b>	<b>44,535</b>	<b>58</b>	<b>-</b>	<b>325,566</b>
<b>Net</b>	<b>372,997</b>				<b>359,316</b>

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2014
	Beginning Balance as at January 1, 2014	Movements During the Year			
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	96,636	-	-	-	96,636
Land improvement	8,448	-	-	-	8,448
Building	116,972	-	-	-	116,972
Building improvement	38,958	40	-	586	39,584
Machinery and equipment	292,884	13,730	9,852	2,974	299,736
Electric system	2,183	-	-	13	2,196
Furniture, fixtures and office equipment	5,781	2,646	73	19	8,373
Vehicle	62,055	3,477	4,359	-	61,173
Utilities	3,882	15	-	-	3,897
Construction in progress and machinery under installation	886	19,777	-	(3,592)	17,071
<b>Total Cost</b>	<b>628,685</b>	<b>39,685</b>	<b>14,284</b>	<b>-</b>	<b>654,086</b>



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

Consolidated and Separate Financial Statement (In Thousand Baht)					
	Beginning Balance as at January 1, 2014	Movements During the Year			Ending Balance as at December 31, 2014
		Addition	Deduction	Transfer	
		<b>Accumulated Depreciation</b>			
Land improvement	3,172	1,494	-	321	4,987
Building	20,752	5,985	-	(321)	26,416
Building improvement	4,056	2,116	-	-	6,172
Machinery and equipment	172,233	24,070	253	-	196,050
Electric system	1,387	209	-	-	1,596
Furniture, fixtures and office equipment	2,465	1,212	73	-	3,604
Vehicle	34,694	8,147	2,784	-	40,057
Utilities	1,427	780	-	-	2,207
<b>Total Accumulated Depreciation</b>	<b>240,186</b>	<b>44,013</b>	<b>3,110</b>	<b>-</b>	<b>281,089</b>
<b>Net</b>	<b>388,499</b>				<b>372,997</b>

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

In March and July 2011, the Company's building and machinery, including those purchased from related companies in 2010 and 2011, were appraised by independent appraisers, i.e. Brooke Real Estate Co., Ltd. and Sims Property Consultants Co., Ltd., with their reports dated during March to August 2011 reporting the appraisal values totalling approximately Baht 218.0 million and Baht 150.0 million, respectively. As a result of the appraisals, carrying values of building and machinery increased by approximately Baht 170.6 million and Baht 104.1 million, respectively. The Company accounted for the increase in carrying values of the assets as "Asset revaluation surplus" which is presented as part of non-current assets and a corresponding account in other components of equity (net of deferred tax) in the statement of financial position. The aforesaid appraisal values were Level 2 inputs of the fair value hierarchy.

The revaluation surplus is not available for dividend distribution.

Asset revaluation surplus as at December 31, 2015 and 2014 and movements during the years ended December 31, 2015 and 2014 (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, 2015	Movements During the Year			Ending Balance as at December 31, 2015
		Addition	Deduction	Depreciation	
		Building	140,600	-	
Machinery	42,979	-	-	(14,172)	28,807
<b>Total</b>	<b>183,579</b>	<b>-</b>	<b>-</b>	<b>(22,704)</b>	<b>160,875</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2014
	Beginning Balance as at January 1, 2014	Movements During the Year			
		Addition	Deduction	Depreciation	
Building	149,131	-	-	( 8,531)	140,600
Machinery	57,361	-	-	(14,382)	42,979
Total	206,492	-	-	(22,913)	183,579

As at December 31, 2015 and 2014, the Company's land, buildings, machinery and equipment of which carrying values totalling approximately Baht 263.0 million and Baht 293.0 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 13 and 16.

As at December 31, 2015 and 2014, the Company's machinery and equipment and vehicles of which carrying values totalling approximately Baht 28.3 million and Baht 32.7 million, respectively, were under the obligations and conditions of hire purchase and finance lease agreements as discussed in Notes 17.

As at December 31, 2015 and 2014, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 159.8 million and 142.6 million, respectively.

Depreciation of plant and equipment for the years ended December 31, 2015 and 2014 amounted to approximately Baht 67.2 million and Baht 66.9million, respectively. The aforesaid depreciation for each of the years included the depreciation on revaluation surplus of building and machinery totalling approximately Baht 22.7 million and Baht 22.9 million, respectively.

**12. INTANGIBLE ASSETS - NET**

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2015
	Beginning Balance as at January 1, 2015	Movements During the Year			
		Addition	Deduction	Depreciation	
Cost	8,215	13	-	-	8,228
Accumulated amortization	(3,797)	(1,477)	-	-	(5,274)
Net	4,418	(1,464)	-	-	2,954

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

Amortization for each of the years ended December 31, 2015 and 2014 amounted to approximately Baht 1.5 million, which was presented as part of "Administrative expenses" in statements of comprehensive income.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Bank overdrafts	15,794	22,702	15,794	22,702
Loans under packing credits	80,563	216,360	80,563	216,360
Loans under promissory notes	440,000	90,000	380,000	90,000
Loans under trust receipt agreements	3,882	1,923	3,882	1,923
<b>Total</b>	<b>540,239</b>	<b>330,985</b>	<b>480,239</b>	<b>330,985</b>

As at December 31, 2015 and 2014, the Company had overdraft lines with two local banks totalling Baht 50 million, which bear interest at Minimum Overdraft Rate.

As at December 31, 2015 and 2014, the Company had packing credit facilities with two local banks totalling Baht 200 million and Baht 250 million, respectively, which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

As at December 31, the Company and its subsidiary had promissory note facilities with two local banks and two local securities companies totalling Baht 440 million (totalling Baht 380 million for the Company only) in 2015, and with a local bank and a local securities company totalling Baht 190 million in 2014, which bear interest at 1.0% p.a. lower than Minimum Overdraft Rate.

As at December 31, the Company had trust receipt facilities with two local banks totalling Baht 18 million in 2015, and with a local bank amounting to Baht 10 million in 2014, 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 7 and the Company's land, buildings, and machinery and equipment as discussed in Note 11.

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

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Other payables	17,158	14,313	10,928	14,313
Accrued advertising and sales promotion expenses	11,898	7,608	11,836	7,608
Accrued salary, wage, and welfares	8,436	5,549	8,431	5,549
Advances from customers	4,247	6,362	4,247	6,362
Accrued electricity	3,529	3,174	3,529	3,174
Derivative liabilities	-	3,289	-	3,289
Others	6,709	7,868	6,154	7,783
<b>Total</b>	<b>51,977</b>	<b>48,163</b>	<b>45,125</b>	<b>48,078</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

Movements of liability for post-employment benefits for the years ended December 31, 2015 and 2014 are as follows:

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2015	2014
Liability for post-employment benefits as at January 1	3,281	2,968
Current service cost	70	232
Interest cost	29	148
Past service cost	-	-
Actuarial gain on measurement	-	( 67)
Expense recognized in the statements of comprehensive income	99	313
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31	3,380	3,281

Significant assumptions used in the calculation of liability for post-employment benefits as at December 31, 2015 and 2014 are as follows:

Discount rate	4.75% p.a.
Salary escalation rate	6.15% p.a.
Employee turnover rate	17% - 39% p.a.
Disability rate	10% of Thai Mortality Table (2008)
Mortality rate	100% of Thai Mortality Table (2008)

The Company and its subsidiaries had no actuarial gain or loss on measurement in 2015 while actuarial gain on measurement for the year 2014 amounted to approximately Baht 67 thousand was immaterial for the reclassification of entry from profit or loss item to other comprehensive income or loss item in the statement of comprehensive income.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**16. LONG-TERM BORROWINGS**

Long-term borrowings from three local banks in 2015 and 2014 comprised of:

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2015	2014
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	65,534	87,279
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	48,423	64,592
3) Loans under facilities amount of Baht 30 million, repayable monthly until September 2017, bear interest at 1.25% p.a. lower than Minimum Loan Rate	19,665	29,235
4) Loans under facilities amount of Baht 42 million, repayable monthly until September 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	32,389	42,000
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	11,758	10,659
Total	177,769	233,765
Less Current portion	( 63,407)	( 66,965)
Net	114,362	166,800

The above loans have guarantees as discussed in Notes 11 and 13. 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.

**17. LIABILITIES UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS**

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2015	2014
Liabilities under hire purchase and finance lease agreements	23,980	30,959
Less Deferred interest	( 1,448)	( 2,460)
Liabilities under hire purchase and finance lease agreements - net of deferred interest	22,532	28,499
Less Current portion	(11,334)	(10,684)
Net	11,198	17,815

Amortized interest, which was presented as part of "Finance costs" in the statements of comprehensive income for the years 2015 and 2014, amounted to approximately Baht 1.5 million and Baht1.7 million, respectively.

During the years 2011 to 2015, 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.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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.

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2015	2014
Deferred gain on sales and finance leaseback	271	664
Less Cumulative recognized amount	(141)	(449)
Net	130	215

Gain on sales and finance leaseback which was recognized as part of “Other income” for the years 2015 and 2014 amounted to approximately Baht 84 thousand and Baht 172 thousand, respectively.

**18. SHARE CAPITAL AND PREMIUM ON SHARES**

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2015		2014	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital As at December 31					
- Common shares	0.25	780,000	195,000	780,000	195,000
Issued and fully paid-up shares as at November 30 (see Note 19)					
- Common shares		520,000	130,000	520,000	520,000
Exercise of warrants		30,191	7,548	-	-
As at December 31					
- Common shares		550,191	137,548	520,000	520,000

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 (see Note 19). 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.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**19. WARRANTS AND EARNINGS PER SHARE**

**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:

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 <sup>rd</sup> 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. As at December 31, 2015, the remaining number of unexercised warrants was 229,677,846 units.

**Basic earnings per share**

Basic earnings per share for the years ended December 31, 2015 and 2014 are determined by dividing profit for the year by the weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Profit for the year	<u>75,426</u>	<u>69,879</u>	<u>80,593</u>	<u>70,983</u>
Number of outstanding common share as at November 30	520,000	520,000	520,000	520,000
Effects from increase in share capital from the common shares exercised by warrants	<u>2,647</u>	<u>-</u>	<u>2,647</u>	<u>-</u>
Basic weighted average number of outstanding common shares	<u>522,647</u>	<u>520,000</u>	<u>522,647</u>	<u>520,000</u>
Basic earnings per share (Baht)	<u>0.144</u>	<u>0.134</u>	<u>0.154</u>	<u>0.137</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**Diluted earnings per share**

Diluted earnings per share for the years ended December 31, 2015 and 2014 are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Profit for the year	75,426	69,879	80,593	70,983
Basic weighted average number of outstanding common shares	522,647	520,000	522,647	520,000
Effect from the right under the exercise of warrants	24,434	92,717	24,434	92,717
Diluted weighted average number of outstanding common shares	547,081	612,717	547,081	612,717
Diluted earnings per share (Baht)	0.138	0.114	0.147	0.115

**20. 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.

**21. PAYMENT OF DIVIDENDS AND APPROPRIATION FOR LEGAL RESERVE**

At the general shareholders’ meeting 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 (Baht 0.0069 per share from the profit of promoted business and Baht 0.0621 per share from the profit of non-promoted business) totalling Baht 35.88 million. The Company paid such dividends to the shareholders on May 12, 2015.

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

In addition, in order to comply with the Public Limited Companies Act B.E. 2535 as discussed in Note 20, the Company appropriated the profit for the years 2015 and 2014 for being legal reserve amounting to Baht 2.9 million and Baht 3.6 million, respectively. As at December 31, 2015, the Company legal reserve has reached 10% of the Company’s authorized share capital.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**22. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Assemblies , raw materials, and supplies used	855,177	791,033	850,120	791,033
Employee expenses	222,056	188,002	219,756	187,998
Depreciation and amortization	69,450	69,065	69,382	69,065
Advertising and sales promotions	65,983	53,110	65,538	53,092
Finance costs	38,735	30,948	36,547	30,948
Electricity	36,194	34,136	36,194	34,136
Freight and transportation charges	35,711	26,136	34,211	26,136
Showroom rental and service charges	18,544	15,580	18,017	15,580
Repair and maintenance expenses	17,824	17,880	17,824	17,880
Fuels	10,140	11,509	10,140	11,509
Bank charges	5,893	9,945	5,893	9,945
Loss (reversal of loss) on diminution in value of inventories	( 5,381)	8,740	( 5,381)	8,740
Changes in finished goods and work-in-process	(138,113)	(149,651)	(131,749)	(149,651)

**23. INCOME TAX**

The Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 530 B.E. 2554 (2011) dated December 21, 2011 has provided the temporary reduction in income tax rate applied to juristic company or partnership for a three consecutive accounting periods from 30% to 23% for the first accounting period and 20% for the following two accounting periods. Such reduction in tax rate is effective from the accounting period starting on or after January 1, 2012. Accordingly, the Company and its subsidiaries used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2015 and 2014.

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

As at December 31, 2015, the subsidiaries had tax loss carryforward totalling approximately Baht 8.3 million whereby such loss carryforward is able to be used as tax credit until 2020.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

Corporate income tax recorded as expense for the years ended December 31, 2015 and 2014 consists of:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Income tax computed from accounting profit regarding the announced income tax rate	16,832	16,570	18,914	16,848
Effects from non-deductible expenses	6,764	6,019	4,067	5,734
Effects from additional deductible expenses	(4,047)	(4,020)	(3,432)	(4,013)
Effects from reduction in income tax rate under investment promotion	(5,089)	(1,864)	(5,089)	(1,864)
Income tax on taxable profit	14,460	16,705	14,460	16,705
Adjustment to tax payable in respect of previous periods	38	-	38	-
Decrease (increase) in deferred tax assets	984	(2,237)	975	(1,953)
Decrease in deferred tax liabilities	(1,496)	(1,497)	(1,496)	(1,497)
Income tax presented in statement of comprehensive income	13,986	12,971	13,977	13,255

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2015 and 2014 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
<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	1,476	2,552	1,476	2,552
- Allowance for doubtful accounts	515	426	240	142
- Deferred gain on sales and leaseback	26	43	26	43
- Liability for post-employment benefits	676	656	676	656
Total deferred tax assets	2,693	3,677	2,418	3,393
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items:				
- Revaluation surplus on building - net	4,877	5,195	4,877	5,195
- Revaluation surplus on machinery - net	488	1,666	488	1,666
Total deferred tax liabilities	5,365	6,861	5,365	6,861

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**24. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION**

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

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

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

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2015 and 2014 are as follows:

	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 associate	-	( 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>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

	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	27,652	52,941	80,593

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

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

Sales, other income, cost of sales, other expenses, and profit / loss before income tax expense are significant financial and core information of the Company and its subsidiaries that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Company and its subsidiaries have two significant operating segments (identified by internal reporting segments), i.e. (1) wood furniture and particle boards (rubber wood furniture and particle board furniture) and (2) other segments, e.g. laminating papers, dried sawn lumbers, furniture-decorating supplies 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 Company and its subsidiaries are similar to those accounting policies discussed in Note 3. In addition, the Company and its subsidiaries are unable to apportion the segment information for assets and liabilities without incurring the excessive costs.

*Information on Products*

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Net sales				
- Wood furniture and particle boards	1,249,557	1,137,920	1,249,557	1,137,920
- Other products	84,540	71,129	83,722	70,790
Total	<u>1,334,097</u>	<u>1,209,049</u>	<u>1,333,279</u>	<u>1,208,710</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	22,573	26,152	22,573	26,152
- Other products	1,631	121	2,732	119
Total	<u>24,204</u>	<u>26,273</u>	<u>25,305</u>	<u>26,271</u>
Cost of sales				
- Wood furniture and particle boards	894,270	796,461	894,270	796,461
- Other products	87,471	90,790	87,602	90,790
Total	<u>981,741</u>	<u>887,251</u>	<u>981,872</u>	<u>887,251</u>
Other expenses				
- Wood furniture and particle boards	271,938	253,743	271,938	253,743
- Other products	20,462	11,478	10,204	9,749
Total	<u>292,400</u>	<u>265,221</u>	<u>282,142</u>	<u>263,492</u>
Profit (loss) before income tax expense				
- Wood furniture and particle boards	105,922	113,868	105,922	113,868
- Other products	(21,762)	(31,018)	(11,352)	(29,630)
Net	<u>84,160</u>	<u>82,850</u>	<u>94,570</u>	<u>84,238</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

*Information on Geographic Areas*

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Export sales - net				
- Japan	660,335	619,326	660,335	619,326
- Bahrain	69,658	58,472	69,658	58,472
- United States of America	12,857	32,401	12,857	32,401
- Taiwan	9,817	7,023	9,817	7,023
- Philippine	6,836	6,251	6,836	6,251
- Indonesia	5,943	-	5,943	-
- India	5,502	3,409	5,502	3,409
- Peru	4,805	-	4,805	-
- Malaysia	4,525	-	4,525	-
- Chile	-	7,080	-	7,080
- Other countries	7,424	7,572	7,424	7,572
Total	787,702	741,534	787,702	741,534
Domestic sales - net	546,395	467,515	545,577	467,176
Total sales - net	1,334,097	1,209,049	1,333,279	1,208,710

Other than the investment in associate, incorporated in Japan, the Company and its subsidiaries have no any non-current assets located in the countries other than Thailand.

*Information on Key Customers*

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

	Percentage of Balance Attributable to Key Customers to Total Balance			
	Consolidated		Separate Financial Statement	
	2015	2014	2015	2014
Net sales				
- Wood furniture and particle boards	61.79	51.81	61.79	51.81
- Other products	-	-	-	-
Net sales				
- Export	54.58	48.40	54.58	48.40
- Domestic	51.03	46.74	50.79	46.74
- Total	53.03	47.65	53.03	47.65

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

The Company and its subsidiaries are exposed to normal business risks relating to liquidity risk, credit risk, foreign currency risk, and interest rate risk. The Company and its subsidiaries have used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes.

*Liquidity Risk*

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

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

*Credit Risk*

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

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

*Foreign Currency Risk*

The Company has significant business transactions internationally, including import of merchandises and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Company 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.

As at December 31, 2015 and 2014, significant outstanding non-hedged foreign currency assets and liabilities are as follows:

	Foreign Currency Assets		Foreign Currency Liabilities	
	2015	2014	2015	2014
Thousand U.S. Dollar	1,719	778	141	79

*Interest Rate Risk*

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

*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.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

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

As at December 31, 2015, the Company had the asset measured and stated at fair value in the statements of financial position as follow:

Item in the Financial Statements	Carrying Amount and Fair Value (In Thousand Baht)		Fair Value Hierarchy
	Consolidated	The Company Only	
Derivatives - forward exchange contracts (sell) (U.S. Dollar 29 thousand that will mature in June 2016)	1,051	1,051	Level 2 inputs (Market Approach was used as valuation technique and core information used in evaluation was adjusted exchange rates in market to fit for the instrument which was computed by the bank who was the counterparty)

Other than the abovementioned matter, the following assumptions were used by the Company and its subsidiaries 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 had carrying amounts approximate their fair values due to these financial assets and liabilities will mature in short-term period or bear interest at the rates approximate or at the floating market interest rates.

Investment in held-to-maturity debt securities is stated at amortized cost of which the carrying amount approximates its fair value.

Investment in subsidiaries and associate 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.

## **27. CAPITAL MANAGEMENT**

Significant objectives of capital management of the Company and its subsidiaries 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.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 2.32 : 1.00 and 2.12 : 1.00, respectively, in 2015 and 2.10 : 1.00 in 2014.

## **28. 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 2015 and 2014, amounted to approximately Baht 1.1 million and Baht 0.9 million, respectively.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**29. OTHERS**

As at December 31, 2015;

- a. The Company and its subsidiaries have 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	26.0
Due for payments between 1-5 years	<u>37.5</u>
Total	<u><u>63.5</u></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 two local banks totalling approximately Baht 2.6 million;
- d. The Company has a Memorandum of Understanding (“MOU”), dated September 18, 2014, with Gunkul Engineering Public Company Limited (“GUNKUL”) for cooperation in the PV solar rooftop power plant project. The Company and GUNKUL has agreed to establish a company to carry out the development of PV solar rooftop power plant project with the investment proportion of 74.99% : 25.01%, respectively. The Company shall be responsible for procurement of leasehold right or the right to use the rooftop spaces to install the PV solar panels for being the electricity generator and seller as well as operational management and seeking for sources of fund. GUNKUL shall be responsible for procurement of and services on equipment and construction of the PV solar rooftop power plant project in order to achieve the commercial operations in accordance with the terms of the Power Purchase Agreements (“PPAs”) in the future as well as the management and maintenance services for the project. Under cooperation of the aforesaid project, both parties have their duties, as the electricity generator and seller, to acquire for the PPAs from either the Provincial Electricity Authority (“PEA”) or the Metropolitan Electricity Authority (“MEA”). As at December 31, 2015, the Company has not yet started any significant progress with respect of this project; and
- e. The Company has a license agreement with a local company who is the authorized representative of the licensor in abroad. Under the terms of such agreement, the Company has the right to use the images and pictures of products and properties of the licensor for manufacturing the Company’s products for sales in domestic markets through the channels specified in such agreement. The Company is committed to pay the license and royalty fees at the rates specified in the agreement and this agreement will end in March 2017.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015 and 2014**

**30. EVENTS AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting on February 23, 2016, the Board of Directors passed the resolution for the following matters which will be proposed for shareholders' approval in the upcoming general shareholders' meeting to be held in April 2016:

- a. Payment of dividends from the 2015 operations at Baht 0.0586 per share totalling approximately Baht 32.24 million to the shareholders 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 date for payment of such dividends was fixed to be May 6, 2016; and
- b. Issuance of debentures in amount not exceeding Baht 500 million in order to support the financial liquidity and/or payment of debts and/or investment for business expansion. Type and other detail of debentures shall be specified at each issuance of the debentures.

**31. 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 23, 2016.

**Enclosure**

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

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	58	- <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. <i>(Listed Company)</i> - Chairman of the Board Ocean Commerce Pcl. <i>(Listed Company)</i> - Audit Committee / Independent Director Union Auction Pcl. <i>(Listed Company)</i> - Chairman of Audit Committee / Chairman of the Board TV Thunder Co., Ltd. <i>(Non-Listed Company)</i> - Director Learn Tech Co., Ltd. <i>(Non-Listed Company)</i> - Chairman of the Board SPC Precious Metal Co., Ltd. <i>(Non-Listed Company)</i>	- 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	51	- <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	48	- <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	74	- <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
6.	Mr. Arak Suksawad - Director - Executive Director - Managing Director -Director of Sales and Marketing Department (Acting) (Old Name-Surname) - None – Directorship Appointment Date 8 April 2014	45	- <u>Master's Degree</u> Master of Public Administration Burapha University - <u>Bachelor's Degree</u> Bachelor of Economics in Monetary Economics Program Ramkhamhaeng University - <u>Certificate</u> (DAP) Batch No. 95/2012, Thai Institute of Directors (IOD)	The son of Mr. Wanlop and Mrs. Waraporn, and the younger brother of Mr. Chalee / the elder brother of Miss Tippawan	14.5387% 14.6841% (including spouse and immature children)  No change in shareholding proportion when compared between the years	1999 – Present         2015 – Present          2007 – Present   2012 – Present	- Director / Executive Director / Managing Director / Director of Sales and Marketing Department (Acting) 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. Director of Association Council of Asia Furniture Association President Thai Furniture Industries Association	- Manufacturer and Distributor of Furniture    Holding Company Biomass Power Plant

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	42	- <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	73	- <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	43	- <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 -	43	- <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	39	- <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 -	46	- 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	45	- <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

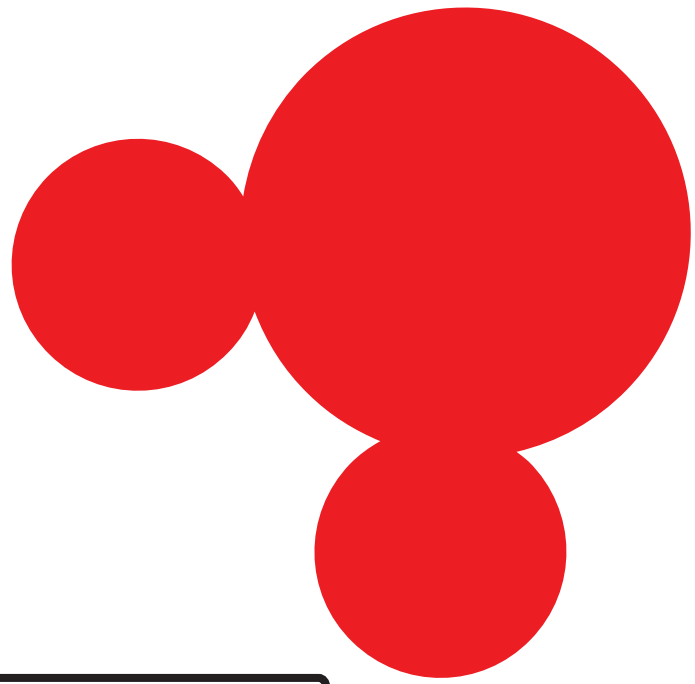
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**2. Responsibility of Company Secretary**

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.

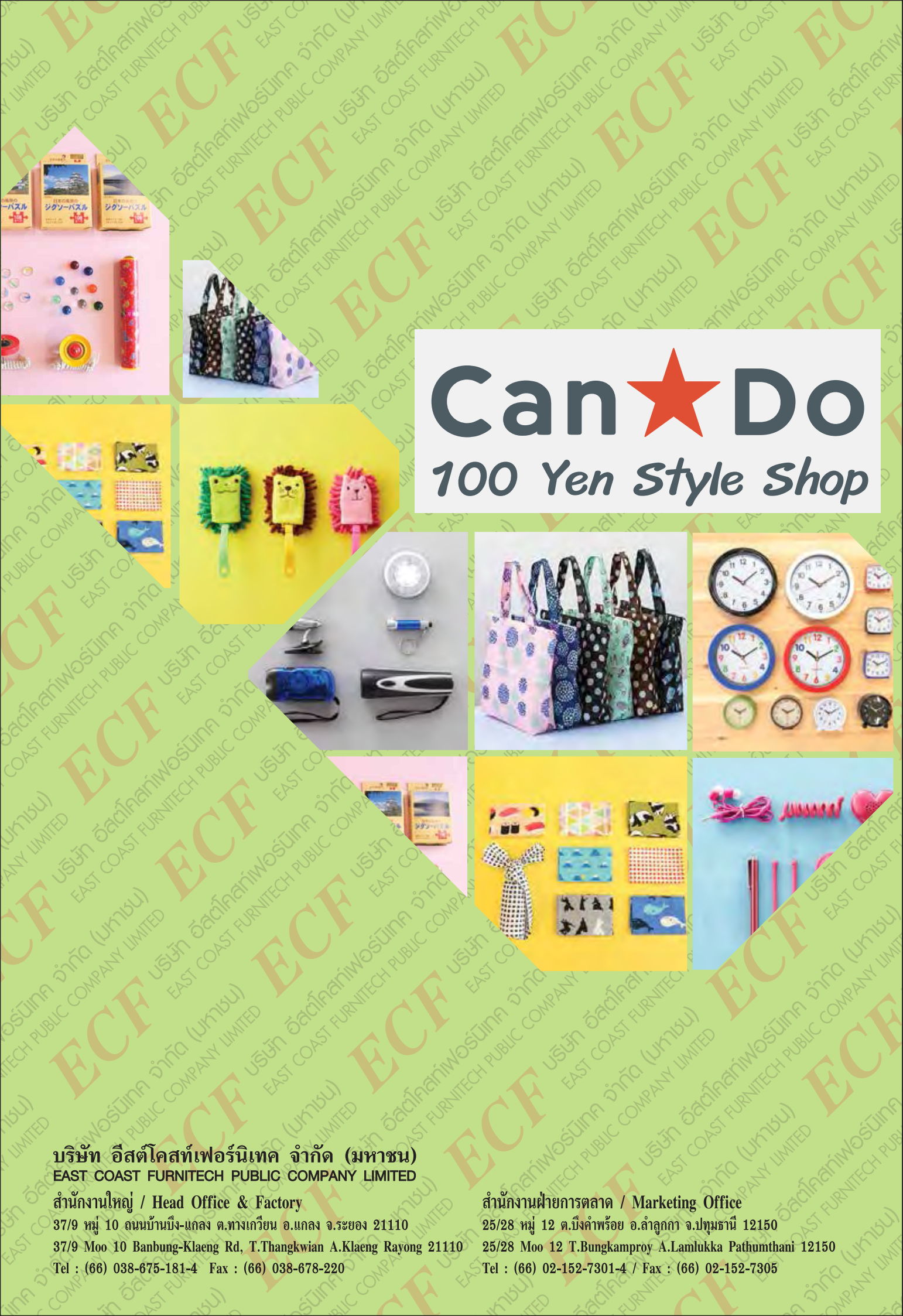
1. Primarily advise the director to be informed about legal provisions, the Company's rules and regulations, and monitor for regular and accurate compliance as well as report of significant change to director.
2. Coordinate between the director and management to oversee and coordinate relevant laws and 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.



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Furniture  
under License of Disney





# Can★Do

## 100 Yen Style Shop



**บริษัท อีสต์โคสต์เฟอร์นิเทค จำกัด (มหาชน)**  
**EAST COAST FURNITECH PUBLIC COMPANY LIMITED**

**สำนักงานใหญ่ / Head Office & Factory**  
37/9 หมู่ 10 ถนนบ้านมิ่ง-แกลง ต.ทางเกวียน อ.แกลง จ.ระยอง 21110  
37/9 Moo 10 Banbung-Klaeng Rd, T.Thangkwan A.Klaeng Rayong 21110  
Tel : (66) 038-675-181-4 Fax : (66) 038-678-220

**สำนักงานฝ่ายการตลาด / Marketing Office**  
25/28 หมู่ 12 ต.บึงคำพร้อย อ.ลำลูกกา จ.ปทุมธานี 12150  
25/28 Moo 12 T.Bungkamproy A.Lamlukka Pathumthani 12150  
Tel : (66) 02-152-7301-4 / Fax : (66) 02-152-7305