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No. ECF2 031/2019

August 14, 2019

Subject: Management Discussion and Analysis of the 2nd quarter ended June 30, 2019To President
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the separate and consolidated financial statements of the 2nd quarter ended June 30, 2019. The details are as follows;

Operating Performance1. Revenue

Unit: Million Baht

Information of period	Consolidated				Separate			
	Value		Change		Value		Change	
	Q2.2019	Q2.2018	Amount	%	Q2.2019	Q2.2018	Amount	%
Revenue from sale – net	302.13	307.32	-5.19	-1.69%	300.43	306.04	-5.62	-1.84%
Other income	19.13	12.56	6.58	52.38%	18.01	11.74	6.27	53.37%
Total Revenue	321.26	319.88	1.38	0.43%	318.43	317.78	0.65	0.20%
Sharing of gain (loss) from investment value of the associate and joint venture	-0.53	2.26	-2.79	-123.46%				

The overview of revenue for 3-month period ended June 30, 2019 by comparing to the same period of the last year, the revenue from sale decreased 1.69 percent from consolidated. The main revenue generated from furniture as the core business decreased 1.84 from the previous year. However, the overview of total revenues both of the separate and consolidated financial statements were approximate when comparing to the last year. On the other hand, the other revenues increased significantly for the 2nd quarter, 2019 that caused from the disposal of asset of the Company.

For the sharing of gain (loss) from investment value of the associate and joint venture valued loss Baht 0.53 million when comparing to the same period of the last year with Baht 2.26 million. This sharing of gain (loss) has come from the investment in energy business i.e. the biomass power plant in the southern of Thailand and the solar power plant, Myanmar that has already accomplished the construction for the 1st phase 50MW from totaling 220 MW since the end of June. For the 2nd quarter, the Company realized the profit from the biomass power plant Baht 3.73 million from SAFE Energy Holdings Company Limited and loss

Baht 4.26 million from the solar power plant that still has not been starting the commercial operation from Green Earth Power (Thailand) Company Limited.

Unit: Million Baht

Information of period	Consolidated				Separate			
	Value		Change		Value		Change	
	6M.2019	6M.2018	Amount	%	6M.2019	6M.2018	Amount	%
Revenue from sale – net	667.50	677.79	-10.29	-1.52%	665.62	670.69	-5.07	-0.76%
Other income	26.03	23.62	2.41	10.20%	22.70	21.00	1.70	8.09%
Total Revenue	693.52	701.41	-7.88	-1.12%	688.32	691.69	-3.37	-0.49%
Sharing of gain (loss) from investment value of the associates	1.09	2.52	-1.43	-56.70%				

For the 6-month period ended June 30, 2019, the revenue from sale-net of furniture products and revenue from sale-net of consolidated decreased about 1 percent. The main reason came from the sales of furniture products decreased since the 1st quarter. However the export sales of furniture products in term of USD currency was approximate when comparing the 6-month period of the year 2018 and 2019. In this regard, the cause of the decrease of revenue came from the domestic since the Company has the policy to manage the costs and expenses to be more efficient by closing some distribution channels such as ELEGA showrooms that could not generate income as the target together with terminating the retail shop business (Can Do Thailand) since the end of the year 2018.

2. Cost of goods sold and expenses : Consolidated

Unit: Million Baht

Information of period	Value		Change		Compare total income	
	Q2.2019	Q2.2018	Amount	%	Q2.2019	Q2.2018
Cost of goods sold	209.71	210.47	-0.76	-0.36%	65.28%	65.80%
Cost of sales	34.33	41.00	-6.67	-16.26%	10.69%	12.82%
Administrative expenses	42.70	44.11	-1.41	-3.20%	13.29%	13.79%
Gain on exchange rate	0.34	-1.92	2.26	-117.57%	0.10%	-0.60%
Financial costs	28.15	25.27	2.89	11.42%	8.76%	7.90%
Total cost of goods sold and expenses	315.22	318.92	-3.69	-1.16%		

Unit: Million Baht

Information of period	Value		Change		Compare total income	
	6M.2019	6M.2019	Amount	%	6M.2019	6M.2018
Cost of goods sold	465.08	470.08	-5.00	-1.06%	67.06%	67.02%
Cost of sales	70.49	80.44	-9.95	-12.37%	10.16%	11.47%
Administrative expenses	87.51	91.35	-3.83	-4.20%	12.62%	13.02%

Information of period	Value		Change		Compare total income	
	6M.2019	6M.2018	Amount	%	6M.2019	6M.2018
Gain on exchange rate	0.66	-1.15	1.81	156.90%	0.09%	-0.16%
Financial costs	53.08	48.25	4.83	10.01%	7.65%	6.88%
Total cost of goods sold and expenses	676.82	688.96	-12.15	-1.76%		

The overview of cost of goods sold and expenses of the 2nd quarter and 6 months of the year 2019 was in the same direction with the fact that the company has still managed the cost of goods sold efficiently. In this regard, the cost of sales and administrative expenses has decreased significantly since the 2nd quarter of the year 2019 due to the management of distribution channel by closing some ELEGA showrooms that could not generate income as planned and stopped to run the business of Can Do Thailand. However, the financial cost has been increasing from the issuance and offering of debenture in the amount of 200 million baht since the 1st quarter of the year 2019 with the interest rate of 6.75 percent per annum. In this regard, such issuance and offering of debenture caused from the objective to prepare the source of fund for the business expansion in the future.

3. Profit for the period

Unit: Million Baht

Information of period	Consolidated				Separate			
	Value		Change		Value		Change	
	Q2.2019	Q2.2018	Amount	%	Q2.2019	Q2.2018	Amount	%
Gross Profit	92.42	96.86	-4.44	-4.58%	92.14	96.18	-4.03	-4.19%
Profit (Owners of the parent)	4.10	3.52	0.58	16.58%	6.31	4.56	1.75	38.48%
Total Comprehensive Income for the Period	2.02	4.02	-2.00	-49.66%				

In sum, the profit of the 2nd quarter of the year 2019 (Consolidated) for profit (Owners of the parent) was Baht 4.10 million which increased 16.58 percent from the same period of the last year since the Company has the policy to manage cost of sales and administrative expenses to decrease efficiently as the above mentioned.

Unit: Million Baht

Information of period	Consolidated				Separate			
	Value		Change		Value		Change	
	6M.2019	6M.2018	Amount	%	6M.2019	6M.2018	Amount	%
Gross Profit	202.42	207.71	-5.29	-2.55%	202.02	205.41	-3.39	-1.65%
Profit (Owners of the parent)	13.78	13.00	0.78	6.03%	14.94	17.14	-2.21	-12.87%
Total Comprehensive Income for the Period	10.69	10.39	0.30	2.89%				

From consolidated financial statements, Profit (Owners of the parent) for the period of 6 months of the year 2018 was Baht 13.78 million increasing from the last year 6.03 percent from the reason of the decrease of administrative expenses and cost of sales as above mentioned.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: Million Baht

Statement of Financial Position	30-Jun-2019		31-Dec-2018		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,904.24	54.51%	1,872.72	55.15%	31.52	1.68%
Non-Current Assets	1,589.19	45.49%	1,522.81	44.85%	66.38	4.36%
Total Assets	3,493.43	100.00%	3,395.53	100.00%	97.90	2.88%

As of June 30, 2019, the Company's total assets was Baht 3,493.43 million, increased by Baht 97.90 million from as of December 31, 2019 from the significant reasons of the increase of inventory, property, plant and equipment and also the deposits for the feasibility study to investment of some projects.

2. Total Liabilities and Shareholder's Equity

Unit: Million Baht

Statement of Financial Position	30-Jun-2019		31-Dec-2018		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,136.98	32.55%	1,181.25	34.79%	-44.27	-3.75%
Non-Current Liabilities	927.19	26.54%	766.96	22.59%	160.23	20.89%
Total Liabilities	2,064.17	59.09%	1,948.21	57.38%	115.96	5.95%
Shareholder's Equity	1,429.26	40.91%	1,447.32	42.62%	-18.06	-1.25%
Total Liabilities and Shareholder's Equity	3,493.43	100.00%	3,395.53	100.00%	97.90	2.88%

As of June 30, 2019, the Company's total liabilities was Baht 2,046.17 million, increased Baht 115.96 million from as of December 31, 2018 resulted from the increase of the issuance of debentures in the amount of Baht 200 million on March 2019.

Shareholders' Equity as of June 30, 2019 was Baht 1,429.26 million decreased from 1,447.32 million as of December 31, 2018 due to the decrease of other components of Shareholders' Equity – the premium of asset evaluation.

Kindly be informed accordingly,



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Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director