

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

1. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL INFORMATION

The accompanying interim financial information is prepared on a condensed basis and in accordance with the Thai Accounting Standard No. 34 (Revised 2018) “Interim Financial Reporting” including interpretations and guidelines promulgated by the Thai Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission, and applicable announcements of the Department of Business Development.

The accompanying interim financial information has been prepared to provide additional information to the financial statements for the year ended December 31, 2018 by focusing on new activities, events and circumstances and which are not repeated information previously reported. Accordingly, the accompanying interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2018.

The consolidated financial statements for the three-month and six-month periods ended June 30, 2019 and 2018 and the consolidated financial statements for the year ended December 31, 2018, which are a component of this interim financial information, include the accounts of the Company and its subsidiaries which the Company has controlling power or directly and indirectly holdings on those subsidiaries as discussed in Note 6.

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

Starting from January 1, 2019, the Company and its subsidiaries had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), issued and revised by TFAC, which became effective from the accounting period starting on or after January 1, 2019. The aforesaid adoption of newly issued and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Company and its subsidiaries.

Management of Company and its subsidiaries has been during the assessment and consideration of the impacts from the new five TFRS (Financial Instruments) and TFRS 16 “Lease” that will become effective from 2020 whereby Company and its subsidiaries have not yet adopted in the preparation of the accompanying interim financial information and have no policy to early adopt before the effective period.

For convenience of the readers, an English translation of the interim financial information has been prepared from the Thai language statutory interim financial information that are issued for domestic financial reporting purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiaries applied significant accounting policies and methods of computation to the preparation of interim financial information for the three-month and six-month periods ended June 30, 2019 and 2018 which are similar to those applied to the preparation of financial statements for the year ended December 31, 2018 except the adoption of newly issued and revised TAS and TFRS as well as TSIC and TFRIC as discussed in Note 1 which had no any material effect.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

3. TRANSACTIONS WITH RELATED PARTIES

During the three-month and six-month periods ended June 30, 2019, the Company and its subsidiaries have the additional related company as follows:

<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Relationship</u>
Prize of Wood Industry Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. wood sheet and rubber wood	Co-shareholders and co-directors with subsidiary of joint venture

Transactions with related parties for the three-month and six-month periods ended June 30, 2019 and 2018 are as follows:

	Consolidated (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2019	2018	2019	2018
Sales of products				
Related companies	7,815	3,877	13,806	6,509
Interest income				
Associate	15	15	29	29
Joint venture	253	-	476	-
Related person	935	46	1,860	46
Total	1,203	61	2,365	75
Other income				
Related companies	757	-	1,034	-
Showroom rental and service charges				
Related company	3,204	4,991	7,070	10,367
Key management's remunerations				
Short-term benefits	4,918	5,467	10,014	12,783
Post-employment benefits	847	117	1,022	241
Total	5,765	5,584	11,036	13,024
	Separate Financial Statements (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2019	2018	2019	2018
Sales of products				
Subsidiary	2,304	4,115	4,563	7,575
Related companies	7,815	3,921	13,806	6,553
Total	10,119	8,036	18,369	14,128
Interest income				
Subsidiary	642	11	1,016	11
Space rental income				
Subsidiary	-	2	3	5
Other income				
Related companies	944	-	944	-
Sales of equipment				
Subsidiary	-	64	-	64
Sales of investment in subsidiary				
Related persons	-	-	-	5,375

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

	Separate Financial Statements (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2019	2018	2019	2018
Purchase of inventories and raw materials or supplies				
Related company	-	-	-	4
Purchase of equipment				
Subsidiary	542	-	542	816
Showroom rental and service charges				
Related company	3,204	4,991	7,070	10,367
Interest expense				
Subsidiary	-	-	611	-
Key management's remunerations				
Short-term benefits	4,918	5,467	10,014	12,783
Post-employment benefits	847	117	1,022	241
Total	5,765	5,584	11,036	13,024

Outstanding balances with related parties as at June 30, 2019 and December 31, 2018 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Trade receivables				
Subsidiary	-	-	5,510	7,825
Related companies	9,909	6,083	9,909	6,083
Total	9,909	6,083	15,419	13,908
Other receivables (other current assets)				
Subsidiary	-	-	-	1,451
Related companies	194	-	104	-
Total	194	-	104	1,451
Advances (other current assets)				
Joint venture	2,674	4,674	-	-
Short-term loans and interest receivables				
Interest receivables				
Subsidiary	-	-	1,094	276
Associate	112	83	-	-
Joint venture	678	228	-	-
Related person	2,804	945	-	-
Short-term loans				
Subsidiaries (interest rate at 5.5% - 7.0% p.a. and due in November 2019 and March 2020)	-	-	38,925	22,925
Associate (interest rate at 5% p.a. and due at call)	1,161	1,161	-	-
Joint venture (interest rate at 7.5% p.a. and due at call)	12,926	12,926	-	-
Related person (interest rate at 7.5% p.a. and due at call)	50,000	50,000	-	-
Total	67,681	65,343	40,019	23,201

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Advances for share subscription				
Subsidiary	-	-	78,375	78,375
Associate	3,480	-	-	-
Total	<u>3,480</u>	<u>-</u>	<u>78,375</u>	<u>78,375</u>
Deposits and guarantees on rental and services for showrooms				
Related company	<u>2,704</u>	<u>4,603</u>	<u>2,704</u>	<u>4,603</u>
Other payables				
Subsidiary	-	-	542	53
Related company	566	1,849	566	1,849
Total	<u>566</u>	<u>1,849</u>	<u>1,108</u>	<u>1,902</u>
Short-term loans and interest payable				
Interest payable				
Subsidiary	-	-	-	238
Short-term loans				
Subsidiary (interest rate at 7.5% p.a. and due at call)	-	-	-	40,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,238</u>

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

	Consolidated (In Thousand Baht)			
	December 31, 2018	Movements during the Period		June 30, 2019
		Increase	Decrease	
Short-term loans to				
Green Earth Power (Thailand) Co., Ltd.	1,161	-	-	1,161
Safe Energy Holdings Co., Ltd.	12,926	-	-	12,926
Director of associate	50,000	-	-	50,000

	Separate Financial Statements (In Thousand Baht)			
	December 31, 2018	Movements during the Period		June 30, 2019
		Increase	Decrease	
ECF Holdings Co., Ltd.	10,000	-	-	10,000
ECF Power Co., Ltd.	12,925	16,000	-	28,925

	Separate Financial Statements (In Thousand Baht)			
	December 31, 2018	Movements during the Period		June 30, 2019
		Increase	Decrease	
Short-term loans				
ECF Power Co., Ltd.	40,000	-	40,000	-

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

4. TRADE RECEIVABLES

As at June 30, 2019 and December 31, 2018, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<i>Related companies</i>				
Current	7,016	4,316	9,482	6,757
Overdue :				
Not exceeding 3 months	2,880	1,754	5,297	5,643
Between 3 months - 6 months	-	-	627	1,495
Over 12 months	13	13	13	13
Total	<u>9,909</u>	<u>6,083</u>	<u>15,419</u>	<u>13,908</u>
<i>Other companies - net</i>				
Current	153,970	181,953	152,838	179,283
Overdue :				
Not exceeding 3 months	52,348	73,621	50,579	70,947
Between 3 months - 6 months	29,432	20,398	29,202	19,091
Between 6 months - 12 months	22,014	32,451	20,962	31,762
Over 12 months	41,656	18,407	39,147	16,031
Total	<u>299,420</u>	<u>326,830</u>	<u>292,728</u>	<u>317,114</u>
Less Allowance for doubtful accounts	<u>(4,809)</u>	<u>(5,005)</u>	<u>(3,241)</u>	<u>(3,297)</u>
Net	<u>294,611</u>	<u>321,825</u>	<u>289,487</u>	<u>313,817</u>

As at June 30, 2019 and December 31, 2018, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 127.9 million and Baht 136.9 million, respectively, with three local financial institutions (under credit facilities totalling Baht 275 million), whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 106.6 million and Baht 113.4 million, respectively. The Company presented such amounts of obligation under the recourse action as “Factoring payables” in the statements of financial position.

5. LOAN TO OTHER PARTIES

Current portion of this account represented the unsecured loans of a subsidiary given to a local non-related company amounting to Baht 14.5 million (interest at 9% p.a.). Such loans were under promissory notes with due dates in September 2019.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Non-current portion of this account represented loan to Inter Far East Energy Corporation Public Company Limited “IFEC” that is secured by common shares of borrower’s subsidiary and is in the form of deposit for feasibility study of investment in the 1-Megawatt solar power plant project of CR Solar Co., Ltd. “CRS”, located at Amphur Thern in Lampang province, whereby CRS is subsidiary of the borrower. On December 22, 2017, the Company, borrower, and CRS entered into the Memorandum of Understanding for determining the condition that such loan and related interest receivable will be able to use as deposit on future settlement of the price on purchase-sale of the business if the Company is satisfied by outcome of the feasibility study and decides to invest. Such loan has been charged for interest until all conditions under such Memorandum of Understanding are fulfilled. The Company and IFEC (under management by the new Board of Directors recently appointed) have negotiated and mutually agreed to extend duration for due diligence process to be within November 30, 2019 as well as duration for entering into sale-purchase agreement of business to be within December 31, 2019.

6. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD AND INVESTMENT IN ASSOCIATE AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD

Investment in subsidiaries accounted for using the cost method

	Separate Financial Statements					
	Authorized Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2019	2018	2019	2018	2019	2018
VV-Decor Co., Ltd.	1,000	1,000	99.95	99.95	1,000	1,000
ECF Holdings Co., Ltd.	10,000	10,000	75.00	75.00	7,500	7,500
ECF Power Co., Ltd.	547,652	547,652	99.99	99.99	547,652	547,652
Planet Board Co., Ltd.	50,000	50,000	57.00	57.00	7,125	7,125
Total					<u>563,277</u>	<u>563,277</u>

At the Board of Directors’ meeting on February 27, 2018, the Board of Directors passed the resolution to approve the investment budget for the plan for increase in authorized share capital of Planet Board Co., Ltd. (“PNB”) amounting to Baht 400 million (from previously Baht 50 million to Baht 450 million) in order to support the MDF board and particle board manufacturing project whereby such increase in share capital shall be done with respect to the existing proportion of the shareholders that pertained to the Company’s portion of 57% amounting to Baht 228 million. Close the end of 2018, the Company has paid advance for such incremental shares to PNB amounting to approximately Baht 78.4 million.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Investment in associate and joint venture accounted for using the equity method

	Percentage of Shareholding by Subsidiary		Consolidated (In Thousand Baht)					
			Authorized Share Capital		Investment Value		Dividends	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>Investment in associate</i>								
Green Earth Power (Thailand) Co., Ltd. (“GEP”)	20.00	20.00	215,756	155,756	343,479	346,738	-	-
<i>Investment in joint venture</i>								
Safe Energy Holding Co., Ltd. (“SAFE”)	33.37	33.37	581,000	581,000	222,835	214,954	-	-
Total					<u>566,314</u>	<u>561,692</u>		

Share of profit from SAFE and share of loss from GEP for the six-month period ended June 30, 2019 amounting to approximately Baht 7.9 million and Baht 6.8 million, respectively, whereas share of other comprehensive loss from GEP for the same period amounting to approximately Baht 1.5 million. In addition, during the same period, the Company’s subsidiary (ECF-P) additionally invested in GEP for shares that are not fully paid amounting to approximately Baht 5.1 million and paid advance amounting to approximately Baht 3.5 million for share subscription in respect of GEP’s plan for increase in share capital. On February 4, 2019, the extraordinary shareholders’ meeting of GEP passed the resolution to approve the increase in authorized share capital of Baht 60.0 million (from approximately Baht 155.8 million to Baht 215.8 million) and allocated these incremental shares to the shareholders at the existing proportion of investment. As at June 30, 2019, GEP has not yet registered such increase in share capital and ECF-P has commitment from this increase in share capital of GEP that will be additionally paid of approximately Baht 5.5 million.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Other payables	22,330	30,391	21,464	29,359
Accrued advertising and sales promotion expenses	11,705	10,033	11,705	10,033
Advances from customers	5,797	10,334	5,797	10,217
Accrued interest	5,764	6,101	5,677	6,078
Accrued salary, wage, and welfares	5,692	3,849	5,687	3,822
Accrued electricity	3,539	3,544	3,539	3,512
Accrued commission	2,476	2,201	2,476	2,201
Others	10,115	2,214	9,530	1,228
Total	67,418	68,667	65,875	66,450

8. DEBENTURES

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	June 30, 2019	December 31, 2018
Debentures	835,100	699,900
Less Deferred direct transaction costs on debenture issuance	(12,645)	(11,262)
Net	822,455	688,638

On February 16, 2018, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional investors of 699,900 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.5% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on August 9, 2020. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

In order to maximize the benefit on financial management to the Company, the Company redeemed a portion of debentures as shown in the balance as at December 31, 2018 totalling 64,800 units (Baht 1,000 face value) in total value of Baht 64.8 million from certain debenture-holders by repurchase from the secondary market at the price including the accrued interest. Such matter is in compliance with the provision attributable to the right and duty of debenture-issuer and debenture-holders.

Later on March 22, 2019, the Company limitedly issued and offered the registered, unsubordinated, and secured debentures to the institutional investors of 200,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.75% p.a. whereby interest is payable on a quarterly basis and matured for redemption on March 22, 2021. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

9. INCOME TAX

Income tax recorded as expense (income) for the three-month and six-month periods ended June 30, 2019 and 2018 consists of:

	Three-Month Periods (In Thousand Baht)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Income tax computed from accounting profit	1,092	648	1,634	1,098
Effects from non-deductible expenses	2,760	2,689	2,346	1,675
Effects from additional deductible expenses	(293)	(494)	(531)	(52)
Current tax on taxable profit	3,559	2,843	3,449	2,721
Increase in deferred tax assets	(294)	(101)	(294)	(91)
Decrease in deferred tax liabilities	(1,291)	(1,695)	(1,291)	(1,695)
Income tax presented as profit or loss in statements of comprehensive income	<u>1,974</u>	<u>1,047</u>	<u>1,864</u>	<u>935</u>
Increase in deferred tax assets pertaining to other comprehensive loss	<u>139</u>	<u>-</u>	<u>139</u>	<u>-</u>
	Six-Month Periods (In Thousand Baht)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Income tax computed from accounting profit	3,550	2,995	3,845	4,310
Effects from non-deductible expenses	5,104	5,964	4,350	3,669
Effects from additional deductible expenses	(1,378)	(4,526)	(1,249)	(3,974)
Effect from utilization of tax loss carryforward	(62)	-	-	-
Current tax on taxable profit	7,214	4,433	6,946	4,005
Increase in deferred tax assets	(402)	(141)	(402)	(153)
Increase (decrease) in deferred tax liabilities	(2,252)	558	(2,252)	558
Income tax presented as profit or loss in statements of comprehensive income	<u>4,560</u>	<u>4,850</u>	<u>4,292</u>	<u>4,410</u>
Increase in deferred tax assets pertaining to other comprehensive loss	<u>257</u>	<u>-</u>	<u>257</u>	<u>-</u>

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Deferred tax assets and liabilities presented in statements of financial positions as at June 30, 2019 and December 31, 2018 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items				
- Allowance for diminution in value of obsolete and slow moving inventories	856	847	856	847
- Allowance for doubtful accounts	1,080	1,091	1,080	1,091
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Liability for post-employment benefits	2,019	1,358	2,019	1,358
Total deferred tax assets	<u>5,047</u>	<u>4,388</u>	<u>5,047</u>	<u>4,388</u>
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items in accounting or taxation:				
- Unamortized debenture issuance costs	2,529	2,253	2,529	2,253
- Revaluation surplus on land	7,690	7,690	7,690	7,690
- Revaluation surplus on building - net	12,647	13,668	12,647	13,668
- Revaluation surplus on machinery - net	12,219	13,726	12,219	13,726
Total deferred tax liabilities	<u>35,085</u>	<u>37,337</u>	<u>35,085</u>	<u>37,337</u>

As at June 30, 2019, a subsidiary had tax loss carryforward of approximately Baht 76.7 million whereby such loss is able to be used as tax credit during 2019 until 2024.

10. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for six-month periods ended June 30, 2019 and 2018 are as follows:

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2019	2018
Liability for post-employment benefits as at January 1	6,793	6,346
Current service cost	455	170
Interest cost	139	54
Past service cost	1,422	-
Expense recognized as profit or loss in statements of comprehensive income	2,016	224
Actuarial loss on remeasurement	1,285	-
Liability for post-employment benefits as at June 30	<u>10,094</u>	<u>6,570</u>

The abovementioned actuarial loss on remeasurement comprised of (1) loss from experience adjustment amounting to approximately Baht 3,723 thousand, (2) gain from changes in financial assumptions amounting to approximately Baht 1,741 thousand, and (3) gain from changes in demographic assumptions amounting to approximately Baht 697 thousand.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Significant assumptions used in the calculation of liability for post-employment are as follows:

- Discount rate	2.66% p.a. in 2019 and 2.87% p.a. in 2018
- Salary escalation rate	3.00% p.a. in 2019 and 6.43% p.a. in 2018
- Employee turnover rate	8% - 35% p.a. in 2019 and 11% - 48% p.a. in 2018

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

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If assumption increased	If assumption decreased
Discount rate (increase/decrease by 0.5%)	(325)	346
Salary escalation rate (increase/decrease by 0.5%)	373	(352)
Employee turnover rate (increase/decrease by 1%)	(782)	893

During 2018, the National Legislative Assembly agreed and approved to edit some provisions of the Labour Protection Act 1998 (B.E. 2541) which include the increase in compensations to be paid to the employees whose working period have reached 20 years or above from previously equivalent to basic wage of 300 days to 400 days. Such matter was later legally announced in the early of April 2019 in order to become effective in the early of May 2019. The Company's management considered, based on their judgement, that amendment of such employee benefit plan (amendment of the applicable laws) occurred and became effective in the second quarter of 2019. Accordingly, the Company accounted for the past service cost amounting to approximately Baht 1.4 million, resulted from the plan amendment, in the second quarter of 2019 which was presented as part of cost of sales and administrative expenses amounting to approximately Baht 0.2 million and Baht 1.2 million, respectively, in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2019.

11. SHARE CAPITAL AND PREMIUM ON SHARES

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		June 30, 2019		December 31, 2018	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital As at June 30, 2019 and December 31, 2018					
- Common shares	0.25	<u>1,249,848</u>	<u>312,462</u>	<u>1,416,549</u>	<u>354,137</u>
Issued and paid-up shares As at January 1, 2019 and 2018					
- Common shares	0.25	959,405	239,851	830,008	207,502
Private placement	0.25	-	-	8,200	2,050
Exercise of warrants	0.25	<u>83</u>	<u>21</u>	<u>121,197</u>	<u>30,299</u>
As at June 30, 2019 and December 31, 2018					
- Common shares	0.25	<u>959,488</u>	<u>239,872</u>	<u>959,405</u>	<u>239,851</u>

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

On January 8, 2018, the Company received the proceeds for partial share subscription of 300,000 shares under the general mandate basis of the increase in share capital for offering to specific persons (Private placement) of not exceeding 40,000,000 shares to Macquarie Bank Limited (“Macquarie”) amounting to approximately Baht 1.7 million (Baht 5.70 per share, comprised of the amounts for paid-up share capital of Baht 0.075 million and premium on shares of approximately Baht 1.6 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on January 9, 2018.

On April 23, 2018, the Company received the proceeds for partial share subscription of 7,900,000 shares under the general mandate basis of the increase in share capital for offering to specific persons (Private placement) of not exceeding 47,675,178 shares to 3 non-related persons amounting to approximately Baht 49.1 million (Baht 6.22 per share, comprised of the amounts for paid-up share capital of approximately Baht 2.0 million and premium on shares of approximately Baht 47.1 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on April 26, 2018.

12. WARRANTS AND EARNINGS PER SHARE

Warrants

The Company issued and offered 194,929,773 units of free warrants (“ECF-W2”) to existing shareholders on October 20, 2017 for the purchase of incremental shares on the basis of 4 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	Baht 3 per share
Exercise period	The warrants shall be exercisable with the first exercise date on November 25, 2017 and other 5 times, i.e. the 25th of February, May, August, November 2018 and the last exercise date is February 20, 2019.
Term of warrants	1 year and 4 months from the date on which the warrants are issued to the shareholders

On the same day, the Company issued and offered 129,951,632 units of free warrants (“ECF-W3”) for the purchase of incremental shares on the basis of 6 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 (Adjusted right in April 2019 to 1 unit to purchase 1.0008 common shares)
Exercise price	Baht 5 per share (Adjusted right in April 2019 to Baht 4.9958 per share)
Exercise period	The warrants shall be exercisable with the first exercise date on May 25, 2019 and other 7 times, i.e. the 25th of August and November 2019, February, May, August, November 2020 and the last exercise date is February 20, 2021.
Term of warrants	3 years and 4 months from the date on which the warrants are issued to the shareholders

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Later on November 6, 2017, the Stock Exchange of Thailand has granted the Company's 194,929,773 (ECF-W2) and 129,951,632 (ECF-W3) units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since November 7, 2017. Details of the exercised warrants are as follows:

Exercise Date	Number of warrants exercised for purchases of common shares (Unit)	Proceeds from the exercise of warrants (Baht)	Paid-up share capital (Baht)	Premium on shares (Baht)	Number of unexercised warrants	Date of the registered increase in issued and paid-up share capital with the Ministry of Commerce
November 25, 2017	20,255,666	60,766,998	5,063,917	55,703,081	174,674,107	November 30, 2017
February 25, 2018	31,348,046	94,044,138	7,837,012	86,207,126	143,326,061	February 27, 2018
May 25, 2018	37,787,808	113,363,424	9,446,952	103,916,472	105,538,253	June 1, 2018
August 25, 2018	46,436,851	139,310,553	11,609,213	127,701,340	59,101,402	August 29, 2018
November 25, 2018	5,624,925	16,874,775	1,406,231	15,468,544	53,476,477	December 12, 2018
February 20, 2019	82,475	247,425	20,619	226,806	53,394,002	February 27, 2019

Basic earnings per share

Basic earnings per share for the three-month and six-month periods ended June 30, 2019 and 2018 are determined by dividing profit for the period attributable to owners of the Company by the weighted average number of common shares outstanding during the period as follows:

	Three-Month Periods (In Thousand Baht / In Thousand Shares)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company (In thousand Baht)	4,100	3,517	6,309	4,556
Basic weighted average number of outstanding common shares (In thousand shares)	959,488	882,923	959,488	882,923
Basic earnings per share (Baht)	0.004	0.004	0.007	0.005

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

	Six-Month Periods (In Thousand Baht / In Thousand Shares)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company (In thousand Baht)	13,782	12,998	14,935	17,141
Basic weighted average number of outstanding common shares (In thousand shares)	959,465	863,677	959,465	863,677
Basic earnings per share (Baht)	0.014	0.015	0.016	0.020

Diluted earnings per share

Diluted earnings per share for the three-month and six-month periods ended June 30, 2019 and 2018 are determined by dividing the profit for the period attributable to owners of the Company by the weighted average number of common shares outstanding during the period after adjusting the effect from dilutive potential common shares as follows:

	Three-Month Periods (In Thousand Baht / In Thousand Shares)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company (In thousand Baht)	4,100	3,517	6,309	4,556
Basic weighted average number of outstanding common shares (In thousand shares)	959,488	882,923	959,488	882,923
Effect from the assumed exercise of warrants (In thousand shares)	-	59,982	-	59,982
Diluted weighted average number of outstanding common shares (In thousand shares)	959,488	942,905	959,488	942,905
Diluted earnings per share (Baht)	0.004	0.004	0.007	0.005

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

	Six-Month Periods (In Thousand Baht / In Thousand Shares)			
	Consolidated		Separate Financial Statements	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company (In thousand Baht)	13,782	12,998	14,935	17,141
Basic weighted average number of outstanding common shares (In thousand shares)	959,465	863,677	959,465	863,677
Effect from the assumed exercise of warrants (In thousand shares)	-	59,850	-	59,850
Diluted weighted average number of outstanding common shares (In thousand shares)	959,465	923,527	959,465	923,527
Diluted earnings per share (Baht)	0.014	0.014	0.016	0.019

Diluted earnings per share for the three-month and six-month periods ended June 30, 2019 was the same amount to basic earnings per share because the average market price of the Company's common shares for the aforesaid period was less than the exercise price specified in the warrants. Accordingly, there was no virtual effect from the right under the assumed exercise of warrants that create dilutive potential common shares.

13. SIGNIFICANT FINANCIAL INFORMATION DISAGGREGATED 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, retail sales of sundry goods and energy business operated by associate and joint venture) which has been insignificant portion as compared to entire volumes and size of business activities and, therefore, are insignificant minor segments. 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 2. In addition, the Company and its subsidiaries are unable to apportion the segment information for assets and liabilities without incurring undue costs.

Information on Products (Consolidated - Six-Month Periods)

	In Thousand Baht	
	2019	2018
Net sales		
- Wood furniture and particle boards	641,468	624,056
- Other products	26,028	53,732
Total	667,496	677,788

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

	In Thousand Baht	
	2019	2018
Other income		
- Wood furniture and particle boards	22,251	20,636
- Other products	4,866	6,650
Total	<u>27,117</u>	<u>27,286</u>
Cost of sales		
- Wood furniture and particle boards	445,770	421,735
- Other products	19,307	48,343
Total	<u>465,077</u>	<u>470,078</u>
Other expenses		
- Wood furniture and particle boards	200,032	197,993
- Other products	11,707	22,044
Total	<u>211,739</u>	<u>220,037</u>
Profit (loss) before income tax expense		
- Wood furniture and particle boards	17,917	24,964
- Other products	(120)	(10,005)
Net	<u>17,797</u>	<u>14,959</u>

Information on Geographic Areas (Consolidated - Six-Month Periods)

	In Thousand Baht	
	2019	2018
Export sales - net		
- Japan	335,841	324,632
- United States of America	7,096	-
- Kuwait	5,638	1,858
- India	3,157	-
- Bahrain	2,759	5,402
- Philippines	2,713	8,785
- Malaysia	2,218	3,591
- Taiwan	-	3,269
- Other countries	2,146	1,773
Total	<u>361,568</u>	<u>349,310</u>
Domestic sales - net	<u>305,928</u>	<u>328,478</u>
Total sales - net	<u>667,496</u>	<u>677,788</u>

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

Information on Key Customers (customers whose transactions exceeding 10% of total balance of transactions in the consolidated financial statements)

	Percentage of Balance Attributable to Key Customers to Total Balance - Six-Month Periods	
	2019	2018
Net sales		
- Wood furniture and particle boards	38.48	38.45
- Other products	-	-
- Export	39.54	43.68
- Domestic	33.95	26.59
- Total	36.98	35.40

14. PAYMENT OF DIVIDENDS

At the general shareholders' meeting held on April 22, 2019, the shareholders unanimously approved the Company to pay dividends for the 2018 operations at approximately Baht 0.030227 per share, totalling approximately Baht 29.0 million, to the shareholders. The date for payment of such dividends was May 21, 2019.

At the general shareholders' meeting held on April 25, 2018, the shareholders unanimously approved the Company to pay dividends for the 2017 operations at approximately Baht 0.0603 per share, totalling approximately Baht 52.4 million, to the shareholders whereby such dividends shall be paid from the promoted activities and non-promoted activities amounting to Baht 0.0173 per share and Baht 0.0430 per share, respectively. The date for payment of such dividends was May 24, 2018.

15. OTHERS

As at June 30, 2019:

- a. The Company had commitments on space lease and service agreements for its branch offices and retail shops for sales of its goods with two private companies with term of 3 years whereby the last agreement will end in July 2021. Such commitments are as follows:

	In Million Baht
Due for payments within one year	6.2
Due for payments after one year but not exceeding five years	2.3
Total	8.5

- b. The Company had letters of guarantee issued by three local banks to two private companies and a government agency totalling approximately Baht 29.5 million;
- c. The Company had commitment on construction of fixed asset (building) amounting to approximately Baht 3.0 million (excluding value-added tax);
- d. The Company had commitment on contract for soil filling on its land amounting to approximately Baht 2.2 million (excluding value-added tax);

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Condensed Notes to Financial Statements (Continued)
June 30, 2019 and 2018 (Unaudited) (Reviewed)
and December 31, 2018 (Audited)

- e. The Company had commitment on purchase of machinery and equipment amounting to approximately Baht 2.1 million (excluding value-added tax);
- f. The Company had commitment on construction of the roof-top solar power generating system on its factory buildings amounting to approximately Baht 7.4 million (excluding value-added tax);
- g. The Company had the outstanding forward exchange contracts (sell and buy in U.S. Dollar) as follows:

<u>Contract Type</u>	<u>Foreign Currency Amount</u>	<u>Fixed Baht (In Thousand Baht)</u>	<u>Fair Value (In Thousand Baht)</u>	<u>Maturity Periods</u>
Sell	303,531	9,278	9,268	October - December 2019
Buy	38,119	1,178	1,174	December 2019

- h. A subsidiary had commitment on purchase and installation design of machines totalling approximately USD 13.3 million (approximately Baht 411.2 million);
- i. The same subsidiary had commitments on design of factory building and consultancy fee of construction project totalling approximately Baht 3.1 million (excluding value-added tax);
- j. The other subsidiary is committed to place the collateral for construction of the solar power plant of its associate amounting to Baht 20.0 million. As at June 30, 2019, such subsidiary has paid for such amount of Baht 15.0 million and committed to pay another amount of Baht 5.0 million. Such amount of Baht 15.0 million was presented as part of "Deposits and guarantees" in the consolidated statement of financial position as at June 30, 2019.

16. SHORT-TERM LOANS FROM OTHER PARTIES

As at June 30, 2019, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's 41.0 million common shares held by certain directors and 13.7 million common shares held by certain relative of director, issued by the Company and two subsidiaries to several non-related persons between March and June 2019. These loans bear interest ranging between 5.4% p.a. to 8.0% p.a. and have maturities not exceeding nine months from the particular issuance dates.

As at December 31, 2018, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's 37.4 million common shares held by certain directors, issued by the Company and a subsidiary to several non-related persons and companies between September and November 2018. These loans bear interest ranging between 5.5% p.a. to 7.5% p.a. and have maturities not exceeding six months from the particular issuance dates.

17. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The accompanying interim financial information has been approved for issuance by the Company's Board of Directors' meeting on August 13, 2019.