

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Condensed Notes to Financial Statements**  
**June 30, 2018 and 2017 (Unaudited) (Reviewed)**  
**and December 31, 2017 (Audited)**

**1. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL INFORMATION**

The accompanying interim financial information has been prepared on a condensed basis and in accordance with the Thai Accounting Standard No. 34 (Revised 2017) “Interim Financial Reporting” including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), 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, 2017 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, 2017.

The consolidated financial statements for the three-month and six-month periods ended June 30, 2018 and 2017 and the consolidated financial statements for the year ended December 31, 2017, 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 direct and indirect 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, 2018 the Company and its subsidiaries have adopted the revision of Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), issued by FAP, which have been effective from the accounting period starting on or after January 1, 2018. The aforesaid adoption of revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Company and its subsidiaries.

Subsequently, FAP issued the Notification which were announced in the Royal Gazette in March 2018 regarding the issuance of new TFRS, i.e. TFRS 15 “Revenue from Contracts with Customers”, with effective from the accounting period starting on or after January 1, 2019 whereby the Company and its subsidiaries have not yet adopted in preparation of the accompanying interim financial reporting and has no policy to early adopt before the effective period. Management of the Company and its subsidiaries has preliminarily assessed and believed that there will be no material effect to the financial reporting of the Company and its subsidiaries upon adoption of the aforesaid new TFRS.

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, 2018 and 2017 which are similar to those applied to the preparation of financial statements for the year ended December 31, 2017 except (1) the adoption of revised TAS and TFRS as well as TIC and TFRIC as discussed in Note 1 which had no any material effect and (2) additional accounting policy relating to current investment in bills of exchange that will mature in August 2018 and is stated at cost net of allowance for impairment (if any).

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**3. TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	Consolidated (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2018	2017	2018	2017
<b>Sales of products</b>				
Related companies	3,877	7,374	6,509	12,839
<b>Interest income</b>				
Associate	15	-	29	-
Related person	46	-	46	-
Total	61	-	75	-
<b>Purchases of inventories and raw materials or supplies</b>				
Related company	-	529	-	886
<b>Showroom rental and service charges</b>				
Related company	4,991	4,931	10,367	9,870
<b>Decoration costs of showrooms (recorded as other non-current assets)</b>				
Related company	-	-	-	388
<b>Interest expense</b>				
Related person	-	40	-	40
<b>Key management's remunerations</b>				
Short-term benefits	5,467	7,177	12,783	13,248
Post-employment benefits	117	116	241	236
Total	5,584	7,293	13,024	13,484
	Separate Financial Statements (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2018	2017	2018	2017
<b>Sales of products</b>				
Subsidiary	4,115	4,668	7,575	10,675
Related companies	3,921	7,374	6,553	12,839
Total	8,036	12,042	14,128	23,514
<b>Interest income</b>				
Subsidiary	11	26	11	26
<b>Space rental income</b>				
Subsidiary	2	2	5	5
<b>Sales of equipment (at mutually agreed price)</b>				
Subsidiary	64	-	64	-
<b>Sales of investment in subsidiary (at carrying amount)</b>				
Subsidiary	-	-	5,375	-

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	Separate Financial Statements (In Thousand Baht)			
	Three-Month Periods		Six-Month Periods	
	2018	2017	2018	2017
<b>Purchases of inventories and raw materials or supplies</b>				
Subsidiary	-	5	4	5
Related company	-	529	-	886
Total	-	534	4	891
<b>Purchase of equipment (at mutually agreed price)</b>				
Subsidiary	-	-	816	-
<b>Showroom rental and service charges</b>				
Related company	4,991	4,931	10,367	9,870
<b>Decoration costs of showrooms (recorded as other non-current assets)</b>				
Related company	-	-	-	388
<b>Interest expense</b>				
Subsidiary	-	229	-	229
Related person	-	40	-	40
Total	-	269	-	269
<b>Key management's remunerations</b>				
Short-term benefits	5,467	7,177	12,783	13,248
Post-employment benefits	117	116	241	236
Total	5,584	7,293	13,024	13,484

Outstanding balances with related parties as at June 30, 2018 and December 31, 2017 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<b>Trade receivables</b>				
Subsidiary	-	-	8,698	8,405
Related companies	5,034	5,933	5,034	5,933
Total	5,034	5,933	13,732	14,338
<b>Trade other receivables (other current assets)</b>				
Subsidiary	-	-	1,833	-
<b>Advances (other current assets)</b>				
Subsidiary	-	-	12,926	-

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	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<b>Short-term loans and interest receivable</b>				
<b>Interest receivable</b>				
Subsidiary	-	-	11	-
Associate	54	25	-	-
<b>Short-term loans</b>				
Subsidiary (interest rate at 5.5% p.a. and due in November 2018)	-	-	4,000	-
Associate (interest rate at 5% p.a. and due at call)	1,161	1,161	-	-
Total	<u>1,215</u>	<u>1,186</u>	<u>4,011</u>	<u>-</u>
<b>Advances for share subscriptions</b>				
Associate and joint venture	-	58,397	-	-
<b>Deposits and guarantees on rental and services for showrooms</b>				
Related company	<u>5,022</u>	<u>4,879</u>	<u>5,022</u>	<u>4,879</u>
<b>Other payables</b>				
Subsidiary	-	-	-	13
Related companies	2,158	1,521	2,158	1,521
Total	<u>2,158</u>	<u>1,521</u>	<u>2,158</u>	<u>1,534</u>

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

	Consolidated (In Thousand Baht)			
	December 31, 2017	Movements during the Period		June 30, 2018
		Increase	Decrease	
<b>Green Earth Power (Thailand) Co., Ltd.</b>				
Short-term loan	1,161	-	-	1,161
Interest receivable	25	29	-	54
Total	<u>1,186</u>	<u>29</u>	<u>-</u>	<u>1,215</u>
<b>Director of associate</b>				
Short-term loan	-	30,000	30,000	-
Interest receivable	-	46	46	-
Total	<u>-</u>	<u>30,046</u>	<u>30,046</u>	<u>-</u>
	Separate Financial Statements (In Thousand Baht)			
	December 31, 2017	Movements during the Period		June 30, 2018
		Increase	Decrease	
<b>ECF Holdings Co., Ltd.</b>				
Short-term loan	-	4,000	-	4,000
Interest receivable	-	11	-	11
Total	<u>-</u>	<u>4,011</u>	<u>-</u>	<u>4,011</u>

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**4. TRADE RECEIVABLES**

As at June 30, 2018 and December 31, 2017, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<i>Related companies</i>				
Current	1,009	4,103	9,706	7,946
Overdue :				
Not exceeding 3 months	3,460	1,817	3,461	6,379
Between 3 months - 6 months	552	-	552	-
Exceeding 12 months	13	13	13	13
Total	<u>5,034</u>	<u>5,933</u>	<u>13,732</u>	<u>14,338</u>
<i>Other companies - net</i>				
Current	163,216	206,206	159,804	203,831
Overdue :				
Not exceeding 3 months	66,827	59,431	64,473	55,434
Between 3 months - 6 months	26,203	8,667	25,725	9,530
Between 6 months - 12 months	13,928	5,749	12,667	4,492
Exceeding 12 months	11,107	5,868	8,719	4,297
Total	<u>281,281</u>	<u>285,921</u>	<u>271,388</u>	<u>277,584</u>
Less Allowance for doubtful accounts	<u>( 2,534)</u>	<u>( 2,410)</u>	<u>( 1,496)</u>	<u>( 1,307)</u>
Net	<u>278,747</u>	<u>283,511</u>	<u>269,892</u>	<u>276,277</u>

As at June 30, 2018 and December 31, 2017, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 126.3 million and Baht 150.6 million, respectively, with three local financial institutions (under credit facilities totalling Baht 275 million) whereby such financial institutions are entitled to take the recourse action on the Company amounting to approximately Baht 105.6 million and Baht 115.7 million, respectively. The Company presented such amounts as “Factoring payables” in the statements of financial position.

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**5. LOAN TO OTHER PARTY**

This account represented loan for a period not exceeding 15 years to Inter Far East Energy Corporation Public Company Limited (interest at 6.25% p.a., due within March 2019 and secured by common shares of borrower's subsidiary) 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, instead of investment in the biomass power plant project of True Energy Power Lopburi Co., Ltd. "TRUE-P" whereby the Company completed its feasibility study but was unsuccessful in negotiation for investment. Accordingly, the Company decided to do the feasibility study for solar power plant project of CRS instead (both CRS and TRUE-P are subsidiaries 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. As at June 30, 2018, the Company has been during the process of feasibility study as well as due diligence for the appropriate value of the project whereby such loan has been charged for interest until its maturity period is reached or the condition under such Memorandum of Understanding is fulfilled. The Company and CRS have agreed to extend duration for due diligence process to be within August 31, 2018 as well as duration for entering into purchase-sale agreement of business to be within September 30, 2018.

**6. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD AND INVESTMENT IN ASSOCIATES 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)	
	2018	2017	2018	2017	2018	2017
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	522,652	99.99	99.99	547,652	516,952
Planet Board Co., Ltd.	50,000	50,000	57.00	99.99	7,125	12,500
Total					<u>563,277</u>	<u>537,952</u>

At the Board of Directors' meeting on January 23, 2018, the Board of Directors passed the resolution to approve the change in the shareholding structure of Planet Board Co., Ltd. ("PNB") with the sales of existing shares held by the Company in PNB of 4,300,000 shares or 43% of the entire shares issued to relatives of related persons and to non-related persons in total amount of approximately Baht 5.4 million which was based on the paid-up share value. Subsequently, at the Board of Directors' meeting on February 27, 2018, the Board of Directors passed the resolution to approve the investment budget for the increase in PNB's authorized share capital amounting to Baht 400 million (from Baht 50 million to Baht 450 million) 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.

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At the extraordinary shareholders' meeting of ECF Power Co., Ltd. ("ECF-P") on April 12, 2018, the shareholders unanimously passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 25 million (from approximately Baht 522.7 million to Baht 547.7 million). ECF-P has increased its share capital and registered this increase in share capital with the Ministry of Commerce on April 24, 2018. During the three-month period ended June 30, 2018, the Company paid for such increase its share capital together with the unpaid first share subscription to ECF-P totalling Baht 30.7 million.

During the three-month period ended March 31, 2018, the Company changed the implication and wording for investment in Safe Energy Holding Co., Ltd. ("SAFE") from associate to joint venture in respect of the new information from SAFE that the passing votes for any resolutions in the Board of Directors' meeting of SAFE shall be derived, at least, from a director who is the representative of each shareholder. Hence, the joint control is formed and investment in SAFE is investment in joint venture whereby the presentation and valuation in the consolidated financial statement is the same to investment in associate i.e. the equity method is applied.

The Group's joint venture (SAFE) arranged the measurement of fair values of identifiable assets and liabilities at the acquisition date (June 2017) of three subsidiaries of SAFE i.e. Prize of Wood Green Energy Company Limited ("PWGE"), (2) Safe Biomass Co., Ltd. (SAFE-B) and (3) Bina Puri Power (Thailand) Co., Ltd. ("BINA"). This measurement was done by the independent appraiser and completed during 2018 which was not exceeding the measurement period specified in the related Thai financial reporting standard (TFRS 3). Net fair values of identifiable assets and liabilities of the entire three subsidiaries differed from the cost of investment and the carrying amounts of net assets previously recorded by the joint venture and the Group through the investment in joint venture accounted for using the equity method in the consolidated financial statements in the net amount of approximately Baht 2.5 million. Accordingly, the Group retrospectively adjusted the consolidated statement of financial position as at December 31, 2017 in respect of the results from such measurement as if the accounting records for business combination between the joint venture and its three subsidiaries had been completed since the acquisition date in 2017. Such retrospective adjustment resulted in the decrease in balances of investment in joint venture accounted for using the equity method and unappropriated retained earnings in the consolidated statement of financial position as at December 31, 2017 of approximately Baht 2.5 million from the previously reported balances (mainly were adjustments for depreciation and amortization relating to the increase in net fair values of the joint venture's subsidiaries).

Summarized information relating to the measurement of fair values of identifiable assets and liabilities at the acquisition date of three subsidiaries of SAFE is as follows:

	In Million Baht		
	PWGE	SAFE-B	BINA
Fair values of identifiable assets	757.3	105.8	17.7
<u>Less</u> fair values of identifiable liabilities	<u>335.1</u>	<u>5.8</u>	<u>7.7</u>
Net fair values of identifiable assets and liabilities	422.2	100.0	10.0
Net fair values pertaining to investment portion of SAFE	422.2	100.0	4.9
<u>Less</u> Cost of investment	<u>425.0</u>	<u>100.0</u>	<u>4.9</u>
Net fair values over (under) cost of investment	( 2.8)	-	-
Net fair values over (under) cost of investment pertaining to the Group (33.37%)	( 0.9)	-	-

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*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	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>Investment in associate</i>								
Green Earth Power (Thailand) Co., Ltd. (“GEP”)	20.00	20.00	125,756	125,756	346,896	316,980	-	-
<i>Investment in joint venture</i>								
Safe Energy Holding Co., Ltd. (“SAFE”)	33.37	33.37	581,000	426,000	213,091	168,938	-	-
Total					<u>559,987</u>	<u>485,918</u>		

Share of profit from SAFE and share of loss from GEP for the six-month period ended June 30, 2018 amounted to approximately Baht 6.1 million (net of adjustments for depreciation, amortization and others relating to the increase in net fair values of approximately Baht 2.5 million) and Baht 3.6 million, respectively, whereas share of other comprehensive income from GEP for the same period amounted to approximately Baht 0.3 million. In addition, during the same period, the Company’s subsidiary additionally invested in GEP amounting to approximately Baht 33.3 million whereas addition to investment in SAFE of approximately Baht 51.7 million during the same period was the amount transferred from advance for share subscription pertaining to the 2017 yearend.



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

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Other payables	23,092	22,070	22,963	21,262
Accrued advertising and sales promotion expenses	12,003	18,908	12,003	18,908
Accrued interest	6,124	4,626	5,974	4,623
Accrued salary, wage, and welfares	3,898	4,330	3,884	4,314
Advances from customers	3,440	4,972	3,440	4,972
Accrued electricity	2,619	3,332	2,548	3,266
Others	6,775	3,733	5,463	3,331
<b>Total</b>	<b>57,951</b>	<b>61,971</b>	<b>56,275</b>	<b>60,676</b>

**8. DEBENTURES - NET**

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	June 30, 2018	December 31, 2017
Debentures	699,900	500,000
Less Deferred direct transaction costs on debenture issuance	( 15,548)	( 116)
<b>Net</b>	<b>684,352</b>	<b>499,884</b>

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.

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

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**9. INCOME TAX**

Income tax recorded as expense (income) for the three-month and six-month periods ended June 30, 2018 and 2017 consists of:

	Three-Month Periods (In Thousand Baht)			
	Consolidated		Separate Financial Statements	
	2018	2017	2018	2017
Income tax computed from accounting profit	648	833	1,098	2,371
Effects from non-deductible expenses	2,689	3,836	1,675	2,274
Effects from additional deductible expenses	( 494)	( 319)	( 52)	( 295)
Effects from reduction in income tax rate under the investment promotion	-	(2,182)	-	(2,182)
Current tax computed form the taxable profit	2,843	2,168	2,721	2,168
Decrease (increase) in deferred tax assets	( 101)	10	( 91)	10
Decrease in deferred tax liabilities	(1,695)	(1,414)	(1,695)	(1,414)
Income tax presented as profit or loss in statements of comprehensive income	<u>1,047</u>	<u>764</u>	<u>935</u>	<u>764</u>

  

	Six-Month Periods (In Thousand Baht)			
	Consolidated		Separate Financial Statements	
	2018	2017	2018	2017
Income tax computed from accounting profit	2,995	4,734	4,310	7,462
Effects from non-deductible expenses	5,964	7,154	3,669	4,365
Effects from additional deductible expenses	(4,526)	( 658)	(3,974)	( 597)
Effects from reduction in income tax rate under the investment promotion	-	(4,245)	-	(4,245)
Current tax computed form the taxable profit	4,433	6,985	4,005	6,985
Increase in deferred tax assets	( 141)	( 259)	( 153)	( 232)
Increase (decrease) in deferred tax liabilities	558	(3,690)	558	(3,690)
Income tax presented as profit or loss in statements of comprehensive income	<u>4,850</u>	<u>3,036</u>	<u>4,410</u>	<u>3,063</u>

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Deferred tax assets and liabilities presented in statements of financial positions as at June 30, 2018 and December 31, 2017 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items or item not yet recognized in accounting				
- Allowance for diminution in value of obsolete and slow moving inventories	684	611	684	611
- Allowance for doubtful accounts	639	613	431	393
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Deferred gain on sales and leaseback	-	3	-	3
- Liability for post-employment benefits	1,314	1,269	1,314	1,269
Total deferred tax assets	<u>3,729</u>	<u>3,588</u>	<u>3,521</u>	<u>3,368</u>
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items :				
- Unamortized debenture issuance costs	3,110	23	3,110	23
- Revaluation surplus on land	7,690	7,690	7,690	7,690
- Revaluation surplus on building - net	14,707	15,729	14,707	15,729
- Revaluation surplus on machinery - net	15,258	16,765	15,258	16,765
Total deferred tax liabilities	<u>40,765</u>	<u>40,207</u>	<u>40,765</u>	<u>40,207</u>

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

Movements of liability for post-employment benefits for six-month periods ended June 30, 2018 and 2017 are as follows:

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2018	2017
Liability for post-employment benefits as at January 1	6,346	5,920
Current service cost	170	166
Interest cost	54	47
Expense recognized as profit or loss in statements of comprehensive income	224	213
Employee benefit paid during the period	-	-
Liability for post-employment benefits as at June 30	<u>6,570</u>	<u>6,133</u>

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

- Discount rate	2.87% p.a.
- Salary escalation rate	6.43% p.a.
- Employee turnover rate	11% - 48% p.a.

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%)	(187)	200
Salary escalation rate (increase/decrease by 0.5%)	249	(233)
Employee turnover rate (increase/decrease by 1%)	(542)	638

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

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		June 30, 2018		December 31, 2017	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital As at June 30, 2018 and December 31, 2017					
- Common shares	0.25	<u>1,416,549</u>	<u>354,137</u>	<u>1,416,549</u>	<u>354,137</u>
Issued and paid-up shares As at January 1, 2018 and 2017					
- Common shares	0.25	830,008	207,502	568,826	142,207
Private placement	0.25	8,200	2,050	30,000	7,500
Exercise of warrants	0.25	<u>69,136</u>	<u>17,284</u>	<u>231,182</u>	<u>57,795</u>
As at June 30, 2018 and December 31, 2017					
- Common shares	0.25	<u>907,344</u>	<u>226,836</u>	<u>830,008</u>	<u>207,502</u>

On January 8, 2018, the Company received the proceeds for 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.

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On April 23, 2018, the Company received the proceeds for 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 (may be subsequently changed regarding adjustment provisions of the warrants)
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
Exercise price	Baht 5 per share (may be subsequently changed regarding adjustment provisions of the warrants)
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

Subsequently 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:

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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

**Basic earnings per share**

Basic earnings per share for the three-month and six-month periods ended June 30, 2018 and 2017 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	
	2018	2017	2018	2017
Profit for the period attributable to owners of the Company (In thousand Baht)	<u>3,517</u>	<u>4,900</u>	<u>4,556</u>	<u>11,093</u>
Basic weighted average number of outstanding common shares (In thousand shares)	<u>882,923</u>	<u>571,362</u>	<u>882,923</u>	<u>571,362</u>
Basic earnings per share (Baht)	<u>0.004</u>	<u>0.008</u>	<u>0.005</u>	<u>0.019</u>
	Six-Month Periods (In Thousand Baht / In Thousand Shares)			
	Consolidated		Separate Financial Statements	
	2018	2017	2018	2017
Profit for the period attributable to owners of the Company (In thousand Baht)	<u>12,998</u>	<u>23,529</u>	<u>17,141</u>	<u>34,250</u>
Basic weighted average number of outstanding common shares (In thousand shares)	<u>863,677</u>	<u>570,101</u>	<u>863,677</u>	<u>570,101</u>
Basic earnings per share (Baht)	<u>0.015</u>	<u>0.041</u>	<u>0.020</u>	<u>0.060</u>

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**Diluted earnings per share**

Diluted earnings per share for the three-month and six-month periods ended June 30, 2018 and 2017 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:

	<u>Three-Month Periods (In Thousand Baht / In Thousand Shares)</u>			
	<u>Consolidated</u>		<u>Separate Financial Statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period attributable to owners of the Company (In thousand Baht)	<u>3,517</u>	<u>4,900</u>	<u>4,556</u>	<u>11,093</u>
Basic weighted average number of outstanding common shares (In thousand shares)	882,923	571,362	882,923	571,362
Effect from the assumed exercise of warrants (In thousand shares)	<u>59,982</u>	<u>29,169</u>	<u>59,982</u>	<u>29,169</u>
Diluted weighted average number of outstanding common shares (In thousand shares)	<u>942,905</u>	<u>600,531</u>	<u>942,905</u>	<u>600,531</u>
Diluted earnings per share (Baht)	<u>0.004</u>	<u>0.008</u>	<u>0.005</u>	<u>0.018</u>
	<u>Six-Month Periods (In Thousand Baht / In Thousand Shares)</u>			
	<u>Consolidated</u>		<u>Separate Financial Statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period attributable to owners of the Company (In thousand Baht)	<u>12,998</u>	<u>23,529</u>	<u>17,141</u>	<u>34,250</u>
Basic weighted average number of outstanding common shares (In thousand shares)	863,677	570,101	863,677	570,101
Effect from the assumed exercise of warrants (In thousand shares)	<u>59,850</u>	<u>29,853</u>	<u>59,850</u>	<u>29,853</u>
Diluted weighted average number of outstanding common shares (In thousand shares)	<u>923,527</u>	<u>599,954</u>	<u>923,527</u>	<u>599,954</u>
Diluted earnings per share (Baht)	<u>0.014</u>	<u>0.039</u>	<u>0.019</u>	<u>0.057</u>

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**13. 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 2. 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 (Consolidated - Six-Month Periods)*

	In Thousand Baht	
	2018	2017
Net sales		
- Wood furniture and particle boards	624,056	659,300
- Other products	53,732	54,163
Total	<u>677,788</u>	<u>713,463</u>
Other income		
- Wood furniture and particle boards	20,636	11,409
- Other products	6,650	2,322
Total	<u>27,286</u>	<u>13,731</u>
Cost of sales		
- Wood furniture and particle boards	421,735	449,345
- Other products	48,343	55,561
Total	<u>470,078</u>	<u>504,906</u>
Other expenses		
- Wood furniture and particle boards	197,993	174,178
- Other products	22,044	24,437
Total	<u>220,037</u>	<u>198,615</u>
Profit (Loss) before income tax expense		
- Wood furniture and particle boards	24,964	47,186
- Other products	( 10,005)	( 23,513)
Net	<u>14,959</u>	<u>23,673</u>



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

	In Thousand Baht	
	2018	2017
Export sales - net		
- Japan	324,632	360,680
- Philippines	8,785	7,960
- Bahrain	5,402	17,206
- Malaysia	3,591	4,983
- Taiwan	3,269	3,271
- Kuwait	1,858	-
- United Arab Emirates	-	8,306
- United States of America	-	5,683
- India	-	3,093
- Other countries	1,773	2,921
Total	349,310	414,103
Domestic sales - net	328,478	299,360
Total sales - net	677,788	713,463

*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 - Six-Month Periods	
	2018	2017
Net sales		
- Wood furniture and particle boards	38.45	39.70
- Other products	-	-
- Export	43.68	41.39
- Domestic	26.59	30.16
- Total	35.40	36.68

**14. PAYMENT OF DIVIDENDS**

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.

At the general shareholders' meeting held on April 28, 2017, the shareholders unanimously approved the Company to pay dividends for the 2016 operations at approximately Baht 0.0535 per share, totalling approximately Baht 30.4 million, to the shareholders whereby such dividends shall be paid from the promoted activities and non-promoted activities amounting to Baht 0.0154 per share and Baht 0.0381 per share, respectively. The date for payment of such dividends was May 26, 2017.

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**15. OTHERS**

As at June 30, 2018:

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

	<u>In Thousand Baht</u>
Due for payments within one year	19,716
Due for payments after one year but not exceeding five year	<u>15,743</u>
Total	<u><u>35,459</u></u>

- 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 unused letters of credit with a local bank totalling approximately Baht 0.7 million;
- d. The Company had commitment on construction of fixed asset (building) amounting to approximately Baht 3.0 million (excluding value-added tax);
- e. The Company had commitment on contract for soil filling on its land amounting to approximately Baht 11.0 million (excluding value-added tax);
- f. The Company had the outstanding forward exchange contracts (sales of 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	233,536	7,550	7,698	October 2018 - January 2019

- g. A subsidiary had commitment on purchases and installation design of machines totalling approximately USD 13.3 million;
- h. A subsidiary had commitment on the design of fixed assets (factory building) amounting to approximately Baht 0.9 million (excluding value-added tax);

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**16. SHORT-TERM LOANS FROM OTHER PARTIES**

As at June 30, 2018, this account represented short-term loans under bills of exchange, partially unsecured and partially secured by the Company's 13.84 million common shares held by certain directors, issued by the Company and its two subsidiaries to several non-related persons and companies during the six-month period ended June 30, 2018. These loans bear interest ranging between 4.5% p.a. to 6.5% p.a. and have maturities not exceeding eight 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 14, 2018.