

-Translation-**No. ECF2 024/2018**

May 14, 2018

Subject: Management Discussion and Analysis of the year ended March 31, 2018

To 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 1st quarter ended March 31, 2018. The details are as follows;

Operating Performance1. Revenues

Unit: Million Baht

Quarter 1	Consolidated				Separate			
	3 months		Change		3 months		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
Revenue from sale – net	370.47	402.43	-31.97	-8%	364.64	398.50	-33.86	-8%
Other incomes	11.06	7.31	3.75	51%	9.26	6.79	2.47	36%
Total Revenue	381.53	409.74	-28.21	-7%	373.90	405.29	-31.39	-8%
Sharing of gain (loss) from investment value of the associates	0.25	-0.37	0.62	-169%				

In general of the 1st quarter 2018, the Company could generate total revenue amounted to Baht 381.53 million decreasing 7 percent from the same period last year. The main reason was the revenue from furniture business in term of Baht currency appreciated from average exchange rate Baht 35.06 per USD to be Baht 31.71 per USD for the 1st quarter of 2017 and 2018 respectively. However, in term of USD of export sales was quite approximate and was to USD 6.48 million and USD 6.47 million for the 1st quarter of 2017 and 2018 respectively.

For the sharing of gain from investment value of the associates and joint venture, for the 1st quarter 2018 amounted to Baht 0.25 million with the details as follows;

1. SAFE Energy Holdings Company Limited (SAFE) which is held 33.37 percent of total shares by ECF Power Company Limited (ECF-P) and ECF-P is the subsidiary held 99.99 percent by the Company. At the present, SAFE could gain profit from biomass power

plant project with installation capacity 7.5 MW of Prize of Wood Green Energy at Narathiwat Province which this project is held 99.99 percent of total shares by SAFE. The Company could gain profit sharing from the 1st Quarter 2018 amounted to Baht 3.62 million.

- Green Earth Power (Thailand) Company Limited operates solar power plant project with installation capacity 220 MW at Minbu District, Myanmar. ECF-P holds 20 percent of total shares of the project. Currently, the project is under construction and has not been starting commercial yet. The Company realized loss sharing from the 1st Quarter 2018 amounted to Baht 3.37 million.

As the above-mentioned, resulting to the comparison of sharing of gain (loss) from investment value of the associates and joint venture of the 1st quarter 2017 and 2018 was equivalent to Baht -0.37 million and Baht 0.25 million respectively.

2. Cost of goods sold and expenses : Consolidated

Unit: Million Baht

	3 months		Percent of total revenue	
	2018	2017	%	%
Cost of goods sold	259.61	288.29	68.05	70.36
Cost of sales	39.45	40.50	10.34	9.88
Administrative expenses	47.24	43.72	12.38	10.67
Loss (profit) from the exchange rate	0.77	0.95	0.20	0.23
Financial costs	22.98	16.41	6.02	4.01
Income tax expense	3.80	2.27	1.00	0.55
Total cost of goods sold and expenses	373.85	392.14		

The overview of costs and expenses of the 1st quarter 2018, the proportion of cost good sold decreased that resulted to the increase of gross profit from 28.36 percent of the 1st quarter 2017 to be 29.92 percent of the 1st quarter 2018. The main result caused from the quantity and price of raw material was in declining trend.

For the cost of sales and administrative expenses were approximately proportion when comparing to the same period last year. However, the company had significantly increasing financial costs from the issuance of debentures, amounted to Baht 699.90 million for the 1st quarter 2018 with the interest rate 6.5 percent per year.

3. Profit for the period

Unit: Million Baht

	Consolidated				Separate			
	3 months		Change		3 months		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
Gross Profit	110.85	114.15	-3.30	-3%	109.23	112.24	-3.00	-3%
Profit (Owners of the parent)	9.48	18.63	-9.15	-49%	12.59	23.16	-10.57	-46%
Total Comprehensive Income for the Period	6.37	17.24	-10.86	-63%				

In overall the profit of the 1st quarter 2018 (Consolidated), for profit (Owners of the parent) amounted to Baht 9.48 million which 49 percent significantly decreased when comparing to the same period last year. The main result caused from the appreciation of Baht currency and the increase of financial cost.

Financial Position: Consolidated Financial Statements

1. Total Assets

Statement of Financial Position	March 31, 2018		December 31, 2017		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,717.08	56%	1,478.27	53%	238.81	16%
Non-Current Assets	1,360.51	44%	1,304.50	47%	56.01	4%
Total Assets	3,077.59	100%	2,782.77	100%	294.82	11%

As of March 31, 2018, the Company's total assets was Baht 3,077.59 million, increased by Baht 238.81 million as of December 31, 2017 from the significant reasons of the increase of cash, inventory and investment in associates and joint venture. In this regard, cash increased from the issuance of debentures, the increase of inventory from the finished goods for domestic sales and also the increase of investment in associates and joint venture from SAFE Energy Holdings Company Limited amounting to Baht 51.7 million as the joint venture that the Company holds 33.37 percent of total shares for biomass power plant business.

2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	March 31, 2018		December 31, 2017		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,182.21	38%	1,695.06	61%	-512.85	-30%
Non-Current Liabilities	764.22	25%	58.67	2%	705.55	1203%

Statement of Financial Position	March 31, 2018		December 31, 2017		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Liabilities	1,946.43	63%	1,753.73	63%	192.70	11%
Shareholder's Equity	1,131.16	37%	1,029.03	37%	102.13	10%
Total Liabilities and Shareholder's Equity	3,077.59	100%	2,782.77	100%	294.82	11%

As of March 31, 2018, the Company's total liabilities was Baht 1,946.43 million, increased when comparing to as of December 31, 2017 equivalent to Baht 192.70 million. In this regard, the debt to equity ratio was 1.72 times.

Shareholder's Equity as of March 31, 2018 was Baht 1,131.16 million increased Baht 102.31 million as of December 31, 2017 due to the increase of share premium from the exercising of ECF-W2 No. 2/6 on February 23, 2018 at the exercise price Baht 3 per share.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director