

**-Translation-****No. ECF2 027/2559**

August 15, 2016

Subject : Management Discussion and Analysis of the 2<sup>nd</sup> quarter ended June 30, 2016To 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 2<sup>nd</sup> quarter ended June 30, 2016. The details are as follows:

**Operating Performance**1. Revenues

Quarter 2.2016	Separate				Consolidated			
	Quarter 2		Change		Quarter 2		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Revenue from sale – net	304.31	302.02	2.29	0.76%	307.18	302.1	5.08	1.68%
Other income	3.89	7.61	-3.72	-48.88%	1.16	7.06	-5.9	-83.57%
<b>Total Revenue</b>	<b>308.19</b>	<b>309.63</b>	<b>-1.44</b>	<b>-0.47%</b>	<b>308.34</b>	<b>309.16</b>	<b>-0.82</b>	<b>-0.27%</b>

Separate Financial Statements : Revenue from sale – net was Baht 304.31 million and 302.02 million for the 2<sup>nd</sup> quarter of the Year 2016 and 2015 respectively, increased by Baht 2.29 million or 0.76%.

Total revenue was Baht 308.19 million and Baht 309.63 million for the 2<sup>nd</sup> quarter of the Year 2016 and 2015 respectively, increased by Baht 1.44 million or 0.46%.

For the 2<sup>nd</sup> quarter 2016 the Company could generate less revenue from particle board-made furniture under company's brand that would be distributed via Modern trade customers. However the revenue from other distribution channels such as export sales, ELEGA showroom, FINNA HOUSE showroom, small retail shops and wholesale shops still grew continuously. The revenue from company's brand decreased about 7% when comparing to the same quarter of the last year. The company has planned to solve the problem by making more product development and recommend those products to customers.

The business operation by the subsidiaries (VV Décor Company Limited and ECF Holdings Company Limited) such as distribution of foil paper and Can Do retail shop in 100 yen shop style from Japan, still could generate income as usual.

1H.2016	Separate				Consolidated			
	1H		Change		1H		Change	
	2016	2015	Amount	%	2016	2015	Amount	%
Revenue from sale – net	676.49	631.6	44.89	7.11%	682.57	631.85	50.72	8.03%
Other income	7.64	12.1	-4.46	-36.86%	9.22	11.42	-2.2	-19.26%
<b>Total Revenue</b>	<b>684.13</b>	<b>643.7</b>	<b>40.43</b>	<b>6.28%</b>	<b>691.79</b>	<b>643.27</b>	<b>48.52</b>	<b>7.54%</b>

In conclusion, the revenue of 1H.2016 when comparing to 1H.2015 could increase continuously both of revenue from sale-net and total revenue from furniture business and the subsidiaries' operation.

## 2. Cost of goods sold and expenses : Consolidated

รายการ	Quarter 2		Change	
	2016	2015	Amount	%
Cost of goods sold	216.86	223.90	(7.04)	(3.15)
Selling expenses	38.77	32.44	6.33	19.51
Administrative expenses	35.22	24.96	10.26	41.10
Financial costs	11.98	9.27	2.71	29.18
Shares of loss from the proceed invested in associate	0.84	(0.10)	0.94	N.A.
Income tax expense	6.00	3.18	2.82	88.58
<b>Total cost of goods sold and expenses</b>	<b>309.67</b>	<b>293.65</b>	<b>16.02</b>	<b>5.46</b>

The overview of Cost of goods sold and expenses of Q2.2016, the company could manage the cost of production and cost of goods sold be more efficient from the policy of management in factory. The percentage of cost of goods sold represented 70.33% comparing to 72.42% of Q2.2015.

The details of significant expenses such as selling expenses, administrative expenses and financial cost are as follows;

- Selling expenses increased with the significant causes from promotion expense and advertising expense regarding to Can Do has opened the new branch at the end of quarter whereas the revenue could not catch up with the expense.
- Administrative expenses increased from the operating expenses of the subsidy that run Can Do retail shop including the preparation of Power Purchase Agreement auction of 4 joint venture companies (SAFE Energy Group Company Limited). Moreover the expenses from furniture business increased by Employee benefits and bonus expense.

- Financial cost increased from the debenture that has just issued and offered at interest rate 5.4%/year.

### 3. Profit for the period

Quarter	Separate				Consolidated			
	Quarter 2		Change		Quarter 2		Change	
	2015	2016	Amount	%	2015	2016	Amount	%
Gross profit	93.77	78.11	15.66	20.04%	90.31	78.20	12.12	15.50%
Profit (Owners of the parent)	14.79	16.99	-2.21	-12.98%	3.98	16.18	-12.20	-75.40%
Total Comprehensive Income for the Period	<b>14.79</b>	<b>16.99</b>	<b>-2.21</b>	<b>-12.98%</b>	<b>0.24</b>	<b>16.33</b>	<b>-16.09</b>	<b>-98.56%</b>

Separate Financial Statements : Total Comprehensive Income for the period was Baht 14.79 million and 16.99 million for the 2<sup>nd</sup> quarter of the Year 2016 and 2015 respectively, decreased by Baht 13% approximately. The main reasons came from selling expense and administrative expense increased significantly when comparing to the same period.

Consolidated Financial Statements : Total Comprehensive Income for the Period decreased significantly from the expense of selling and administrative of Can Do shop including the expense of PPA auction preparation to energy business.

## Financial Position

### 1. Total Assets

Statement of Financial Position	June 30, 2016		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,338.71	67%	861.96	57%	476.75	55%
Non-Current Assets	648.64	33%	644.24	43%	4.40	1%
<b>Total Assets</b>	<b>1,987.35</b>	<b>100%</b>	<b>1,506.20</b>	<b>100%</b>	<b>481.15</b>	<b>32%</b>

As of June 30, 2016, the Company's total assets was Baht 1,987.35 million, increased by Baht 481.15 million or 55% approximately from as of December 31, 2015. Main reasons were the increase of Cash and cash equivalents increased from Baht 61.10 million to Baht 409.96 million as of June 30, 2016. The Company received cash from the issuance of debenture at May.

**2. Total Liabilities and Shareholder's Equity**

Statement of Financial Position	June 30, 2016		December 31, 2015		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	920.44	46%	918.11	61%	2.33	0%
Non-Current Liabilities	607.7	31%	134.44	9%	473.26	352%
Total Liabilities	1,528.14	77%	1,052.54	70%	475.60	45%
Shareholder's Equity	459.21	23%	453.66	30%	5.55	1%
Total Liabilities and Shareholder's Equity	<b>1,987.35</b>	<b>100%</b>	<b>1,506.20</b>	<b>100%</b>	<b>481.15</b>	<b>32%</b>

As of June 30, 2016, the Company's total liabilities was Baht 1,528.14 million, increased by Baht 475.60 million or 45% approximately from as of December 31, 2015 resulted from the debenture that was issued and offered totalling Baht 497.52 million.

Shareholder's Equity as of June 30, 2016 was Baht 459.21 million increased from 453.66 million as of December 31, 2015 from increasing of paid-up capital and premium on shares of exercising the Warrants at May.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)  
Managing Director